

Webinar: Translating Scope 1, 2 and 3 for Commercial Real Estate

April 22, 2020





Panellists



Esther An
Chief Sustainability Officer
City Developments Limited



General Manager, Technical Services and Sustainable Development Swire Properties



Rob Sims

Senior Manager, Group
Sustainability and Energy

Dexus







Setting the Context

Matthew Adams
Project Manager, Advancing Net Zero

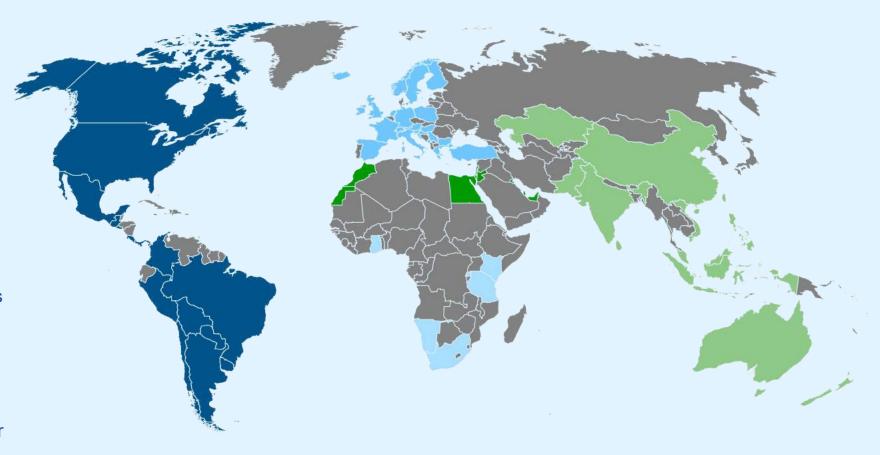






World Green Building Council

- The World Green Building Council (WorldGBC) is a global network leading the transformation of the built environment to make it healthier and more sustainable.
- Collectively, with our Green Building
 Councils (GBCs) in around 70
 countries, we accelerate action to
 deliver on the ambition of the Paris
 Agreement and UN Sustainable
 Development Goals (SDGs). We do this
 by accelerating critical systems
 transitions that need to take place
 across the sectors to achieve our goals
 for a sustainable built environment.
- We are committed to green buildings for everyone, everywhere to build a better future.





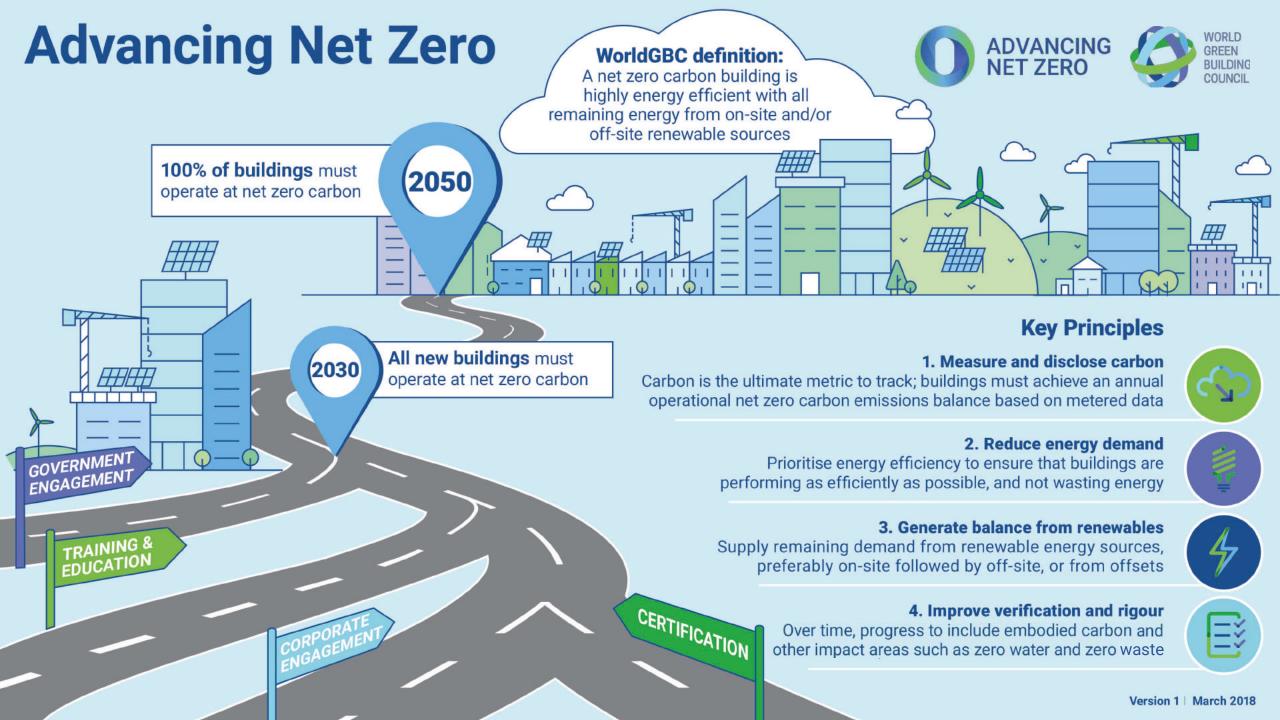


A global campaign to accelerate uptake of Net Zero Carbon Buildings to 100% by 2050

Project targets

- Increase awareness and education of the urgency and achievability of net zero carbon buildings
- Achieve alignment and commonality between GBC approaches and certification schemes
- To expedite uptake in global markets by sharing market leadership examples









This is where organisational and operational boundaries become important!

From the **GHG Protocol**, scopes of emissions are direct and indirect emissions sources within an organisation's operational boundary.

They are broken down for reporting and accounting purposes into three categories:

Scope 1 emissions: Direct GHG emissions occur from sources that are owned or controlled by the company

Scope 2 emissions: Indirect GHG emissions from the generation of purchased electricity consumed by the company

Scope 3 emissions: Indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions





Common sources

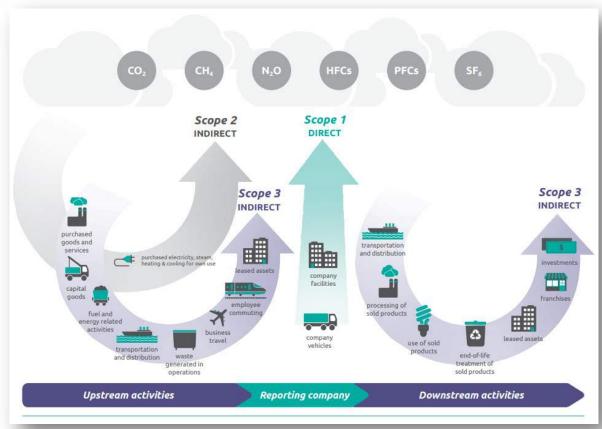


Figure 1.1 GHG Protocol Corporate Value Chain (Scope 3) Standard

Scope 1:

on-site fuel combustion (gas, diesel)

Scope 2:

sources of electricity for lighting, plug loads etc (renewable or fossil fuel)

Scope 3:

- tenant emissions
- embodied carbon (new buildings)
- waste and wastewater





Challenges and opportunities

Become

Challenges

Lack of regulation
Capital costs
Large supply chains
Double counting
Limited understanding

Opportunities*

Understand potential impact

Manage climate risk

Demonstrate climate action

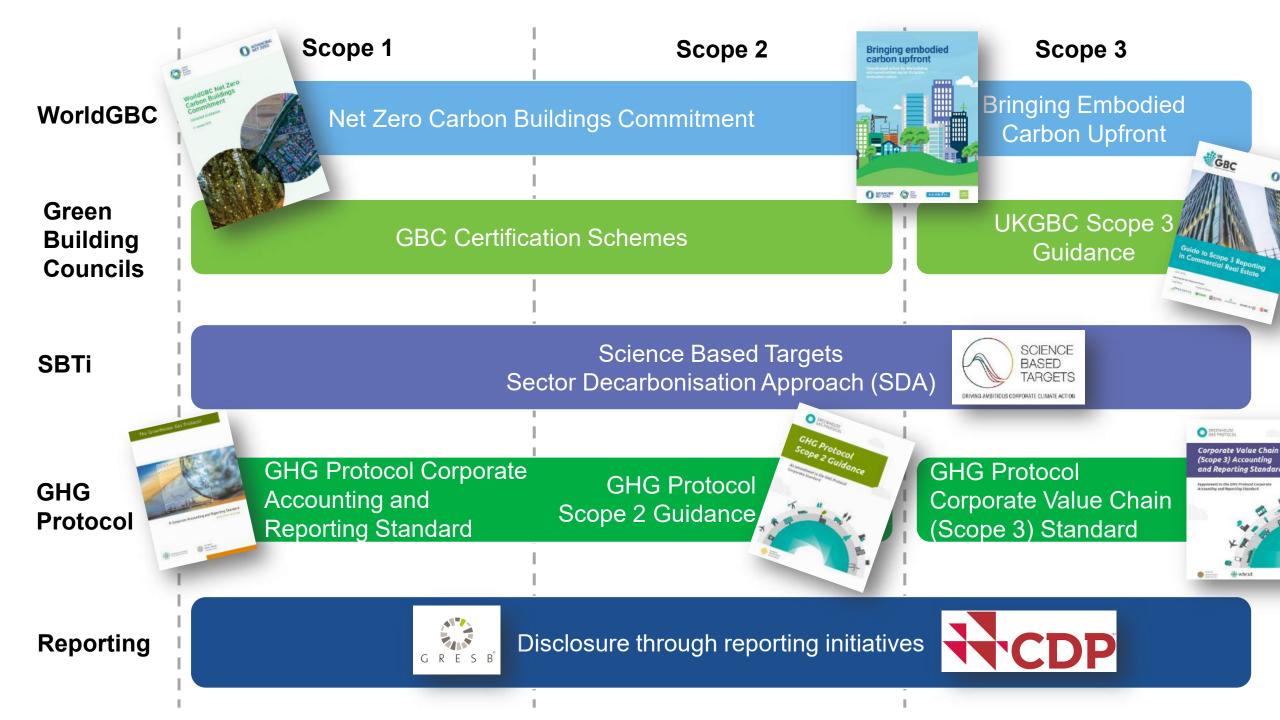
Reduce operational expenses

Improve collaboration with value chain

Improve engagement with tenants









City Developments Limited

Esther An
Chief Sustainability Officer







WorldGBC Webinar Translating Scope 1, 2 and 3 for Commercial Real Estates 22 April 2020

Building Global Leadership through Sustainability Integration -CDL's Strategic Transformation to a Low Carbon Economy

Presented by:

Esther An

Chief Sustainability Officer

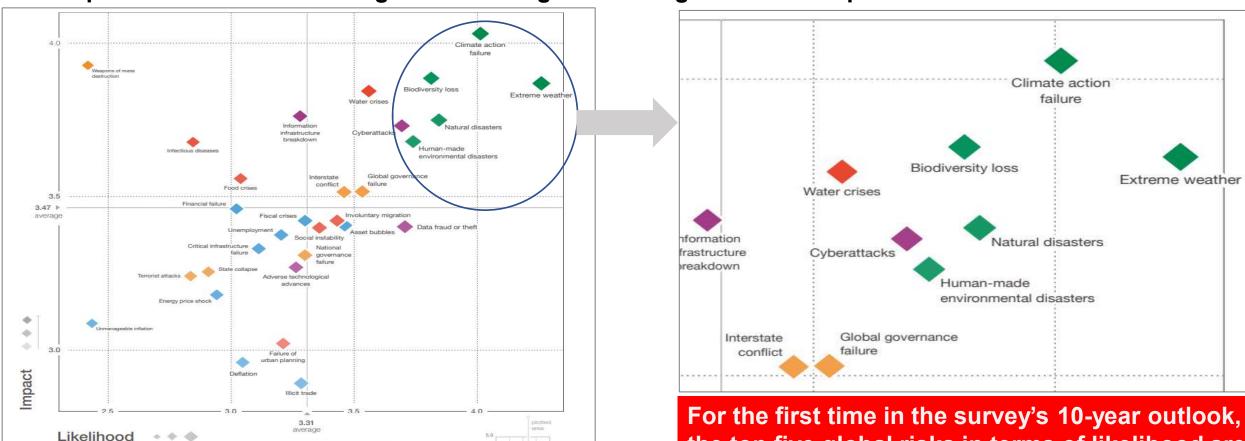


CITY DEVELOPMENTS LIMITED

Climate Risks are Investment and Business Risks, Voted by Global Leaders and Businesses at World Economic Forum 2020

Jan 2020, WEF Global Risks Report: a survey involving 750 global experts and decision-makers from public & private sectors, academia & civil society assessed the risks facing the world.

Oct 2018, IPCC Report: The world is headed for painful problems as emissions keep rising; the impacts & costs of 1.5°C of global warming will be far greater than expected.



Source: World Economic Forum's Global Risks Report (2020)

For the first time in the survey's 10-year outlook, the top five global risks in terms of likelihood are all climate & environment related

Cities and Buildings have High Carbon and Energy Impact

Even with more active climate actions after COP21 (2015) & Paris Agreement (2016), global carbon emissions have not declined

Global carbon emissions may have flatlined from 2018-2019

metric gigatons of CO2

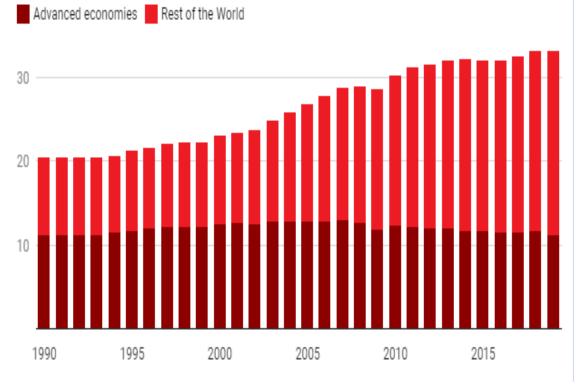


Chart: Elijah Wolfson for TIME • Source: IEA • Get the data • Created with Datawrapper

Cities' Footprints*

- 2% of world's landmass, consuming over 2/3 of world's energy;
- More than 70% of global CO₂ emissions
 Buildings & Construction Sectors' Footprints*
- 36% of global final energy consumption;
- Some 40% of total direct & indirect CO₂ emissions;
- Energy demand continues to rise at nearly 3% p.a. from buildings and buildings construction

C40:To achieve a 1.5°C-consistent pathway#, cities & buildings need to work towards the following Goals

Emissions from the global building stock in place in 2050 will need to be 80-90% lower than the present day.

Av per capita emissions across cities need to drop 42% by 2030 (from over 5 tCO2e per capita today to around 2.9 tCO2e per capita.)

Sources:

*2019 Global Status Report for Buildings and Construction, Global Alliance for Buildings and Construction, International Energy Agency and the United Nations Environment Programme, December 2019

*Summary for Urban Policy Makers by C40, December 2018

Global Call for Urgent Climate Action >> Mitigation & Adaptation are Mainstream











UN Climate Action Summit (Sept 23, NYC) & COP25 at Madrid: Urging businesses to take bold and urgent actions to avoid disastrous consequences caused by climate change. Evidence indicates that 1.5°C-compliant business model will be best-placed to thrive as the global economy undergoes a transition to a net-zero future by 2050. Embracing & investing in SDGs is the pathway to a sustainable future. >>> A Decade of Urgent Action.



Bringing embodied carbon upfront

Coordinated action for the building and construction sector to tackle

- By 2030: All <u>new</u> buildings to be 'Net Zero'; new buildings to have 40% less embodied carbon
- By 2050: All buildings, new and old, to be 'Net Zero'; new buildings to have net zero embodied carbon
- Singapore Green Building Master Plan: Greening 80% of all buildings by 2030

UNEP Finance Investor Report, Changing Course: a Guide to help global investors and capital markets be better prepared for climate risks and capture opportunities through ESG investing in real estate portfolios. It advocates Principles for [1] Responsible Investing; [2] Responsible Lending & [3] Sustainable Insurance with premium pegged to resilience of buildings. This aims to address the high cost and risks of inaction on climate change, to the tune of USD 1.2 trillion for 30,000 of the largest listed companies.



CDL'S 4 STRATEGIC PILLARS IN TRANSFORMING TO A GREEN ECONOMY

- Integration
- Innovation
- Investment
- Impact
- CDL as a Business Case

A Sustainable Business Model: Committed to Doing Well, Doing Good



COMMERCIAL



24 MILLION SQ FT

OF GROSS FLOOR AREA OF OFFICE, INDUSTRIAL, RETAIL, RESIDENTIAL AND HOTEL SPACE GLOBALLY

HOTELS



GLOBAL FOOTPRINT OF 156 HOTELS, 45,000

FUND MANAGEMENT



TARGETS
US\$5
BILLION
IN ASSETS UNDER
MANAGEMENT (AUM)
BY 2023

- 1963: established with eight employees
- 1995: "Conserving as We Construct" corp ethos
- Today: a listed international real estate operating company; >15,000 employees globally
- Group revenue: S\$3.4B (FY 2019)
- Market Cap: S\$8.1B*
- Acquired 50% stake in IREIT Global (April 2019)
- Privatised M&C Hotels (Oct 2019)

* As of 13 Apr 2020, based on share price - S\$7.68

GLOBAL NETWORK
OVER

600

ASSOCIATED COMPANIES

COMPANIES LISTED
ON STOCK
EXCHANGES
IN SINGAPORE, NEW
ZEALAND AND
THE PHILIPPINES

106 Locations in 29 Countries and Regions

INDONESIA MALDIVES · Baijng · Jakarta Meradhoa bland · Bangkok · Phuket Veloworu leitand · Changan JAPAN • Dangguar - Talcya SINGAPORE PHILIPPINES - Osolia - Singapare - Mania Fuging MALAYSIA SOUTH NOREA + Guizhou Hangzhou - Cameron Secul · Hang Kong Highlands Shanaha · Johor Bahru TAIWAN Kuala Lumpu · Wenjarg Toichung · Xiamen AUSTRALASIA AUSTRALIA **NEW ZEALAND** · Brisbane Auckland Moxtarton - Rotarua Melbourne · Bay of Islands New Phyresith · Toupo -Darth - To Arrau - Dunwdin - Pahia Greymouth Pairweston Nort Wangonu Hokianga Queeratowr Weilington MIDDLE EAST HAMO RAQ SAUDI ARABIA **EMIRATES** Sulaymaniyah Museost - Hail - Madinah Abu Dhab Museanah **JORDAN** · Dubo Fujairah ·Amman DALESTINE TUDKEY · Sharjah KUNN ALT · Ramaliah - Interibul At Jahra QATAR A Kuwayi Al Salmiya · Doho EUROPE FRANCE ITALY UNITED KINGDOM · Pans - Dame Absordoors +London Florence - Birmingham Manchester CEDRCIA Cambridge - Nowemen DUSSIA · Thin - Cardif · Phymouth - Можнон - Duckey Sheffeld **GEDMANY** Cotwick Slough-Windsor · Clasgow Munich THE NETHERLANDS Ameterdam - Liverpool NORTH AMERICA UNITED STATES

Anchorage

· Ayon

· Boston

Buffala

Chagsin Falls

· Kasimmon

Los Argeles.

Minneapolis

New York
 Scottadale

Sunnyvole

Integration: Value Creation Model embracing ESG and SDGs into its Business ~ Conserving as We Construct & Manage since 1995











INTEGRATED REPORTING (IR) TCFD



Integrated ESG Strategy: Biz and Financial Impact of ESG

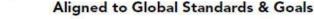
Track, Measure & Report Value-driven KPIs and Progress to Stakeholders, Harnessing Six Capitals for Growth

CDL Future Value 2030 Blueprint

Raising the Bar for Green Building Commitment and ESG Best Practices with Tangible, Long-term Goals and Targets

Adaptation & Innovation. Tapping on **Financing to Accelerate Green Building** and Sustainability Agenda

E.g. PropTech, Green Bonds, Green Loans, Sustainability-linked Loans etc.



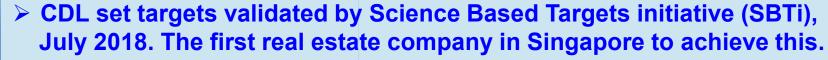






Addressing Global/National Goals: CDL's Proactive Strategy/Action





➤ Sep 2019: Joined the pioneer batch of 87 companies to pledge support to the UNGC's "Business Ambition for 1.5°C" campaign



- > CDL: Amongst first few supporting companies in Singapore in 2017
- > CDL conducted Climate Change Scenario Planning on 2°C and 4°C in 2018
- > Expanded to 1.5°C and 2°C scenarios in 2019, aligned with IPCC report



- Committed to green buildings since 2002 & attained the most BCA Green Mark Awards for buildings & office interiors (2019: 110)
- ➤ GM Super Low Energy Building 2018: one of 14 public and private developers to voluntarily aim for at least one within the next 5 years
- 2 net zero single storey buildings CDL Green Gallery and SG Sustainability Academy



- > 2017: CDL's Integrated Sustainability Report embraced 10 SDGs, ref to SDG Reporting Toolkit, by UNGC, GRI and UNPRI
- 2019: CDL has embraced 14 SDGs, aligned with the company's Material ESG Issues

Robust Corporate Carbon Strategy and Milestones

Supporting Global Goals

2003

Corporate EHS Policy underscored our commitment to be a socially and environmentally friendly organisation

2015

Climate Change Policy affirmed our corporate-wide commitment towards low-carbon operations

2016 & 17

Amongst first few SG corporates to pledge support to Paris Agreement, UN SDG & TCFD

2018

First in Singapore to be SDG
Pioneer in green infrastructure & a
low carbon economy by UNGC

Sep 2019

Amongst pioneer batch of 87 companies to support UNGC's call for 'Business Ambition for 1.5°C'

Pioneering Low-Carbon Initiatives

2002

Launched Savannah CondoPark -Singapore's first Eco-Condo with solar panels installation

2009

Carbon Neutralised 100% of Corporate Office operations and Tampines Concourse(1st in APAC)

2018

Complementing onsite Solar energy production: Pioneering purchase of RECs through SP Group's innovative RECs Marketplace

2019 - 2020

Climate Change Scenario Planning: Quantify climate-related risks and opportunities with 1.5°C, 2°C and 4°C scenarios for key business units in SG, China, UK and the US. Only company in SEA and HK recognised on the 2019 CDP A List for corporate climate action and water security.

(Reporting since 2008)



CLIMATE



WATER

Validating & Tracking Progress

2016

First Singapore developer to validate our GHG data against stringent ISO 14064

2018

Released carbon intensity disclosure report for our flagship building Republic Plaza, in accordance with ISO 16745

Carbon Management is an Important Priority for Businesses First Singapore Developer to set SBTi validated Carbon Reduction Targets

Paris Agreement's Recommendation











Scope 1 & 2

Reduce GHG emissions intensity (Scope 1 + 2)* across Singapore operations by 59% by 2030 (from base-year 2007)

*Scope 1 Includes direct emissions from fuel used in power generators, petrol for company vehicles, loss of refrigerant in airconditioning systems, and loss of insulating and arc quenching media in switchgear systems

Scope 2 Includes indirect emissions from purchased electricity consumed by the operational activities of CDL at both our corporate office and managed buildings.

Scope 3

Commit to use sustainable materials to reduce embodied carbon of materials by 24% by 2030 (as compared to conventional materials).

Interim target of a 7% reduction has been set for all new projects awarded from 2018 onwards:

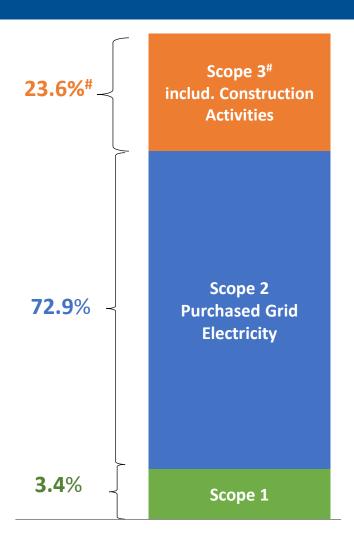
Projects that are due for completion in 2021/2022 have an average expected embodied carbon footprint of 0.55 tCO2e/m², which puts us well underway to achieve our interim target set.

Engage CDL's largest subsidiary, Millennium & Copthorne (M&C) Hotel, to set science-based emissions reduction target by 2025.

Following CDL's SBTi validation,
Millennium and Copthorne (M&C),
the largest contributor of carbon
emission from CDL's subsidiaries,
has set their own science-based
target in early 2019:

M&C has committed to reduce absolute Scope 1, 2 & 3 GHG emissions by 27% by 2030 vs 2017 base year.

CDL's Carbon Emissions & Energy Analysis for Targeted Strategy and Impacts



Scope 3 including M&C

Globally, with growing emphasis on value chain emissions-

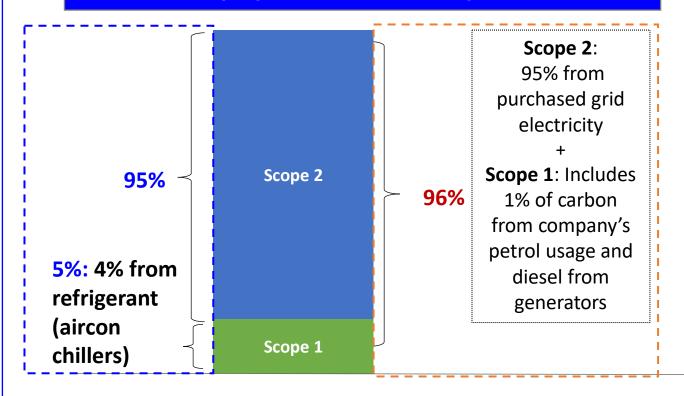
Since 2014:

CDL voluntarily tracks carbon emissions of key subsidiaries (including 70+ global M&C hotels)

Since 2016:

CDL voluntarily tracks embodied carbon of construction materials.

SBTi-validated target of 59% reduction in GHG intensity by 2030 (from base-year 2007).



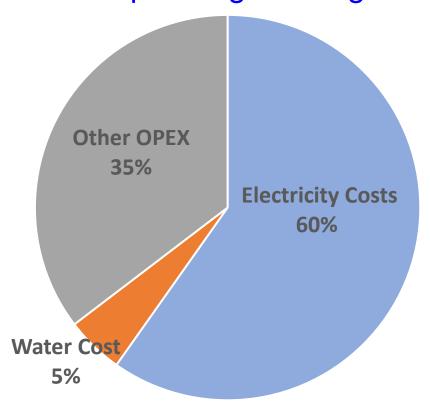
Average Annual Scope 1+2 Carbon Emissions (2015-19) 20,818 tCO₂e Average Annual Energy Consumption (2015-19) 44,400 MWh

Av. Annual Carbon Emissions In Singapore Operations (2015-19)

^{*} Scope 3 includes: GHG emissions arising from construction activities, electricity upstream emissions and transmission losses, courier services, employee commute, air travel and hotel, water supply and wastewater treatment at corporate office, managed buildings audited to ISO 14064.

Carbon and Energy Reduction Initiatives make Business Sense

Energy costs account for 50%-70% of Total OPEX for our operating buildings*:



Total OPEX

Average data shown is based on past three years (2017-2019)

Energy efficiency and mgmt aspects of leading green building standards have **high weightages of 22-49%:**

	Rating System v4.1	Existing Non-Residential Buildings	BREEAM® In-Use Rating System
Aspects	 Energy Efficiency Best Management Practices Energy Performance Grid Harmonization 	 Thermal Performance of Building Envelope Air Conditioning System Natural Ventilation / Mechanical Ventilation Artificial Lighting Ventilation in Carparks Ventilation in Common Areas Lifts and Escalators Energy Efficient Practices & Features Energy Policy & Management Renewable Energy 	 Energy Management for: Asset Performance Building Management Occupier Management
Weightage on Energy	34%	49%	22%

Proactive Management of Embodied Carbon from Construction Materials

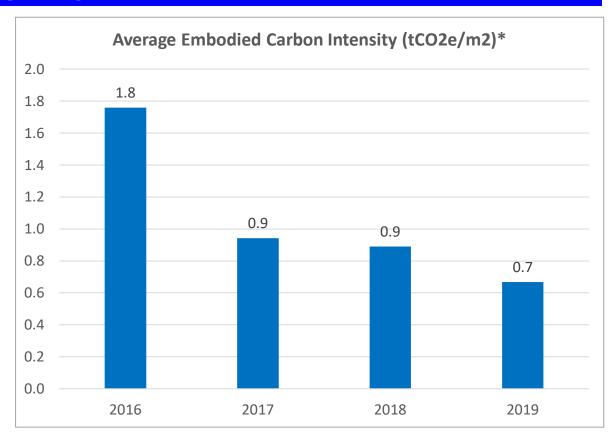
- Why? Building and construction are responsible for some 40% of all carbon emissions in the world: comprising approximately 28% from Operational Emissions and some 11% from Embodied Carbon emissions#
- CDP: Companies with better overall understanding of their product's carbon emissions along their life cycle achieved larger reported carbon reductions.##

Setting Targets & Tracking Progress Since 2016:

- SBTi-validated GHG reduction targets: Reduce embodied carbon of our building materials by 24%, instead of their conventional equivalents, by 2030.
- Interim target of a 7% reduction has been set for all new projects awarded from 2018 onwards
- Tracking carbon footprint of top 5 construction materials including granite, sand, cement, steel and ceramic/marble tiles.

Sources:

^{*} Embodied carbon intensity and top building materials for currently operating project sites are reported based on project design stage



[#] Press release by World Green Building Council, Sep 2019.

^{***} Scientific Report titled 'Carbon emissions embodied in product value chains and the role of Life Cycle Assessment in curbing them' (Conducted based on CDP data), Apr 2020.

Mitigating Supply Chain Risks & Strengthening Supply Chain Management

Managing impact of Top Building Materials:

Materials	Initiatives since 2010s
Concrete (including granite, cement and fine aggregate/sand)	 Using SGBC or SEC-certified materials such as low-carbon and recycled concrete Using recycled concrete aggregates and washed copper slag from approved sources to replace coarse and fine aggregates Using precast concrete volumetric PBU systems where possible
Steel	Using recycled steel in projects for reinforcement works (since 2018)

Sharpening Procurement Strategy with Supply Chain Study:

Why? Prepare businesses for events such as natural disasters, extreme weather conditions and health pandemics that lead to transport or supply disruptions

- 2019: commenced a Supply Chain Risk Study to identify environmental and social sourcing risks posed by our top 100 suppliers and top five building materials
- Enables CDL to better prioritise procurement strategies, enhance supplier engagement and management programmes
- Preliminary findings: An estimated 19% of our top 100 suppliers, from whom we source our building materials from, fall into the 'Priority' category due to high social risks and high procurement spent

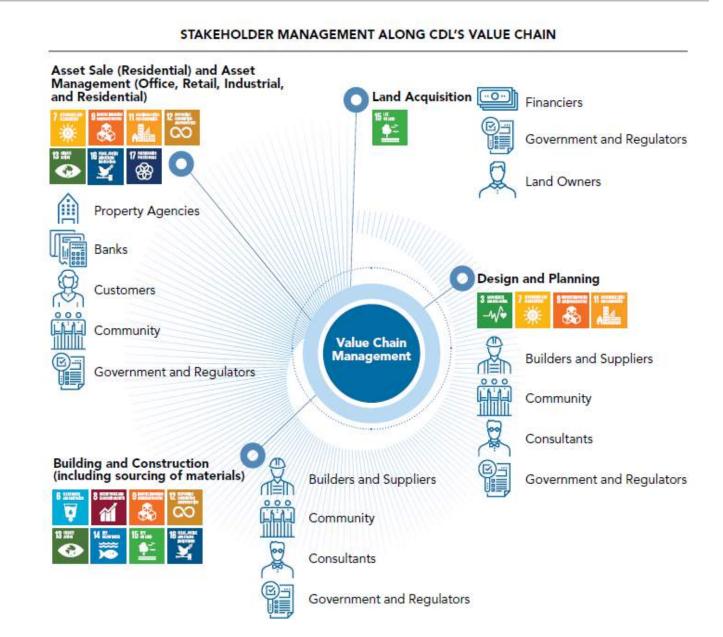
Engaging Stakeholders to Catalyse Change within the Larger Ecosystem

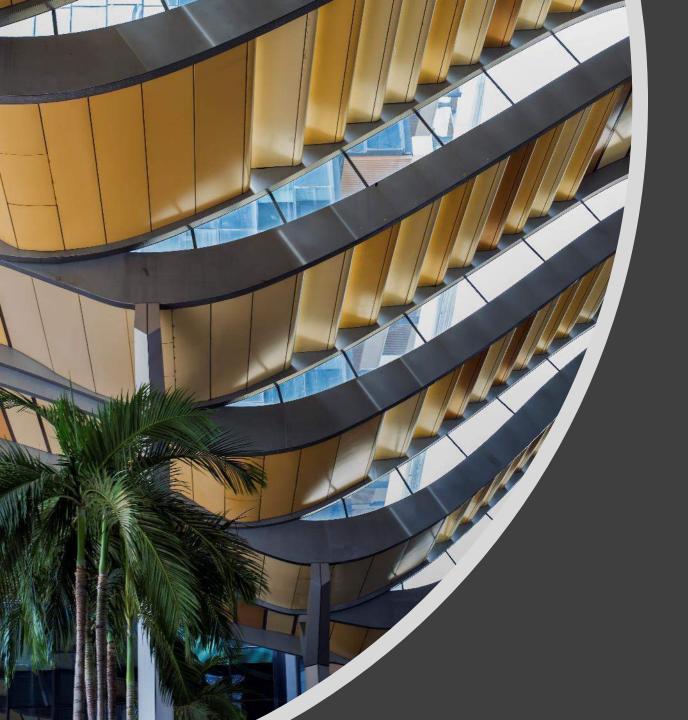
Providing accessible platforms and timely responses to ESG stakeholders

- Since 2014, we engage our stakeholders through materiality assessments to prioritise and respond to material ESG issues. 2019: 600 online surveys and interviews
- ➤ Tenant engagement & empowerment: 100%

 Green Lease Programme adoption as at end 2017;

 CDL-Tuas Power Automated Meter Reading Portal to enable real-time tracking of electricity usage
- Builder and Supplier engagement: CDL 5-Star EHS seminars conducted bi-annually; Supplier code of conduct and Green procurement specifications ensure alignment with CDL policies & standards
- Community/Homeowners engagement: Green Living Guides, Homebuyer e-portal, Customer satisfaction surveys etc.
- Investors, Analysts, Lenders, Media: Annual Reports, Integrated Sustainability Reports, Sustainability website, ESG rating agencies/analysts



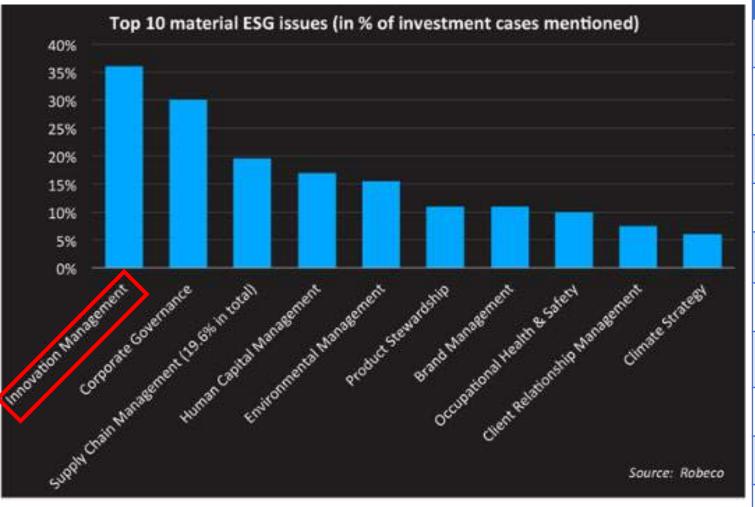


INNOVATION

Technologies & Solutions to Accelerate a Low Carbon & Resilient Economy

Embracing Innovation for Long-term Sustainability: Communicating Top Material Issues to Investors/Stakeholders

ESG factors on average now account for 7% of a company's valuation, based on 200 investment cases studied over three years.



CDL's Top 10 Critical & Highly Material ESG Issues identified by Investors and Stakeholders (2019)

- 1. Innovation
- 2. Energy Efficiency & Adoption of Renewables
- 3. Climate Resilience
- 4. Product Quality and Responsibility
- 5. Occupational Health, Safety and Well-Being
- 6. Ethical and Transparent Business
- 7. Economic Contribution to Society
- 8. Responsible Supply Chain
- 9. Cyber-readiness and Data Privacy
- 10. Sustainable Finance

Source: Robeco Quarterly, 'Two Worlds Colliding' (2017)

Sustainability Focused Strategy: Green Building and Low Carbon Operations

Investing 2–5% of construction cost of a new development in green design/features/methods for over a decade

- Since 2011: voluntarily set minimum target for all new developments to be GM Gold^{PLUS} certified (2 levels above min. requirement)
- 2019: 110 GM awards received (86 GM awarded for buildings, 14 GM for Healthier Workplaces, 10 Pearl & Pearl Prestige); highest amongst private developers
- GHG emission reduction targets validated by SBTi

Asia Pac's 1st CarbonNeutral® Dev't

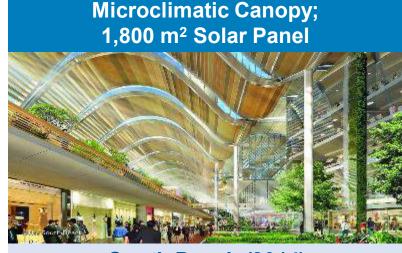


11 Tampines Concourse (2009)

Prefabricated Prefinished Volumetric Construction (PPVC)



The Tapestry (TOP 2021); 861 units



South Beach (2014)

SG Book of Records: Largest Solar Panel [1,520 m²; 219,000 kWh/yr]



D'Nest (2018); 912 units

Climate Action through Greening, Technology & Innovation

- Singapore is heating up twice as fast as the rest of the world
- Climate change will amplify urban heat island effect in Singapore



TREE HOUSE

*Green wall: reduces heat

absorption by up to 3°C, lowers energy needed to cool indoor spaces

*Energy savings:

estimated 15 to 30% (or est. *\$12 -\$24K annually) from reduced use of air-conditioning

[*Study by NUS School of Design and Environment, 2014]



BOULEVARD 88

Adopted virtual design & construction technology e.g. use of architectural 3D models to make informed decisions for ventilation and building layout

Expected impact: 50% productivity gain and 20% reduction in heat gain

CDL on the Path to Net-Zero Energy buildings

Zero Energy Building @ BCA Academy (retrofitted)

Completion: October 2009

Area: 4,500 m² Levels: Three

Green Mark Certification Level: Platinum

Solar Generation: 196,536 kWh/yr Energy Consumption: 184,465 kWh/yr

CDL Green Gallery (first zero-energy gallery)

Completion: November 2013

Area: 314 m² Levels: One

Green Mark Certification Level: Platinum

Solar Generation: 31,000 kWh/yr Energy Consumption: 30,000 kWh/yr

SDE4 (SG first new-build net-zero energy building)

Completion: January 2019

Area: 8,500 m²

Levels: Six

Green Mark Certification Level: Platinum

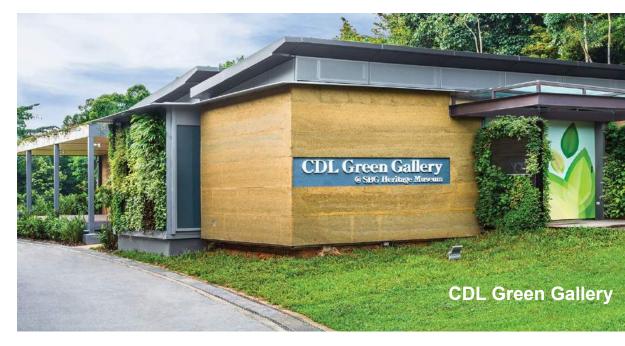
Solar Generation: 500,000 kWh/year (rooftop solar farm of over

1,200 solar PV panels)

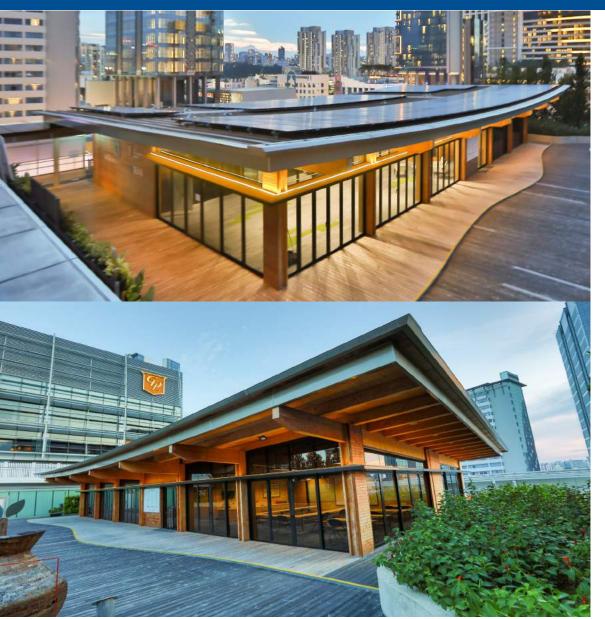
Energy Consumption: 497,000 kWh/yr







Positive-Energy Singapore Sustainability Academy- Hub for Capacity Building, Knowledge Sharing and Networking



First Dedicated 3P Platform to build Communities for a Greener and More Sustainable Future:

Completion: June 2017

Area: 399 m²

 Green Mark Certification Level: Highest tier at Platinum

Net-Positive Energy Building:

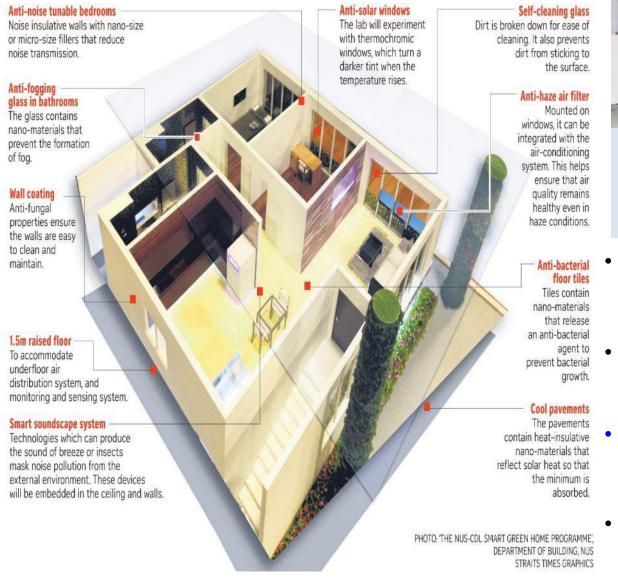
- 3,200 ft² of solar panels installed on rooftop
- Real-time energy tracker dashboard for monitoring and education
- 1st year of operation:

Solar Energy Generation: 60,000 kWh/yr

Energy Consumption: 50,000 kWh/yr

Innovation Towards Smart and Green Living: Future Proofing Built Environment

R & D Work at the NUS-CDL Smart Green Home Lab





- CDL invested in Smart Green Home and Tropical
 Technologies research labs with NUS in 2016 to research
 on creating people-centric, climate-resilient homes
- NUS-CDL Smart Green Home has developed an innovative hybrid cooling system to ensure rooms would not be overly-cooled
- Biophilic experience for occupants seeks to connect or integrate natural elements & living things (e.g. vegetation, flowing water, and sunlight)
- The two Labs continue to research new expressions of climatic response using architecture and technology

Innovation for Lower Carbon: R&D Partnership with SERIS on New PV Tech

Solar Competitive Research Programme (CRP) Pilot Project at Tapestry project (June 2018 – June 2021):

 Aim: Develop cost-effective BIPV modules with high power density, designed to seamlessly integrated with innovative construction process technologies such as Prefabricated Prefinished Volumetric Construction (PPVC)

• Integration of 757W, ~12m² of panels at initial design stage: crucial for optimal performance



High
Performance
PV Module
Development

BIPV
functionality
integration



BIPV Deployment



Solar Energy Research

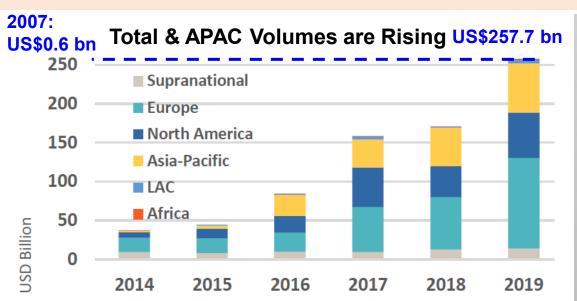


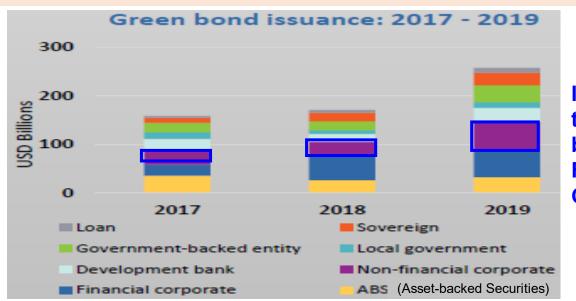
SUSTAINABLE INVESTMENT& FINANCING

- Rewards Green &Responsible Businesses
- Accelerates Climate Action & Sustainable Development

Tapping on Green Financing to Accelerate Sustainable Development

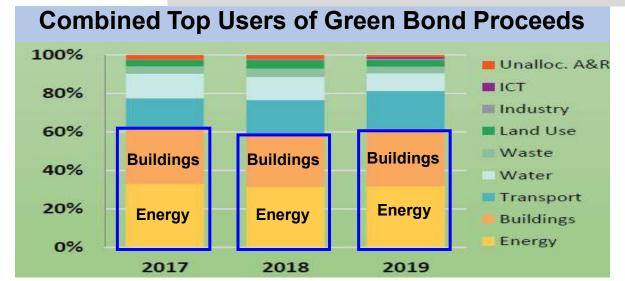
Global Green Bond Market Growth, 2012 – 2019





Increasing traction by Non-Financial Corporates

Green Bonds for Low-Emission or Zero-Carbon Buildings: A Growing Market



Top Users of Green Bond Proceeds (2017 - 2019)

- 1. Energy
- 2. Buildings
- 3. Transport

Buildings contributes globally to

- 36% Energy consumption
- 40% GHG emissions

Sources: Climate Bonds Initiative, C40, 2019 Global Status Report for Buildings and Construction, Global Alliance for Buildings and Construction, International Energy Agency and the United Nations Environment Programme, December 2019

Pioneering Efforts in Green Financing to Accelerate Green Building, Low Carbon & SDG Innovation







First Green Bond by a Singapore-listed Company

- Two-year senior secured green bond issued on Apr 2017
- Raised S\$100m at 1.98% fixed rate; Fully-allocated
- Refinancing of loan initially taken to construct and maintain Republic Plaza
- Good governance: Second Party Opinion by Sustainalytics, Pre and Postissuance assurance by KPMG, Post-issuance certification by CBI, Final Bond Allocation Report

First Green Loan for New Developments in Singapore

- Obtained S\$100m (HSBC) & S\$400m (DBS) green loans for financing CDL's new property developments in Apr 2019
- Second Party Opinion by Sustainalytics
- Opens new financing stream to fund new green developments, local and overseas

First-of-its kind SDG Innovation Loan

- S\$250m, three-year revolving credit facility provided by DBS in Sept 2019
- Concept & Aim: To tap on sustainable financing to accelerate innovative solutions or technology in the built environment that have positive impact on the SDGs.
- Sustainability-linked loan discount: Discount on interest rate will be granted when innovations are piloted and/or applied to CDL's projects that meet the pre-determined sustainability performance targets, mutually agreed between CDL and DBS
- Usage: Working capital and corporate funding on projects that will contribute to innovation, green infrastructure, sustainable cities and climate action

Investing in the Future to Advance Innovation in Sustainability

CDL Enterprise Innovation Committee (EIC)

- Generates customer- and digital-centric ideas to support the advancement of CDL's business
- Innovation engine comprising 3 mutually reinforcing gears Pipeline, People & Culture, Investments

Investment in VC funds



 US real estate tech-focused VC with a strong track record of investing in innovative companies.

Øragonrise Capital 龙腾资本

- Established technology-focused VC fund manager and investor based in Beijing, Shanghai and Shenzhen.
- Leverage strategic partnerships to access synergistic new tech.

Investment in Solutions



 London-based real estate Al measurement startup. Uses 3D spatial data to accurately measure the build world through its patent-pending digital twin technology, Spec.



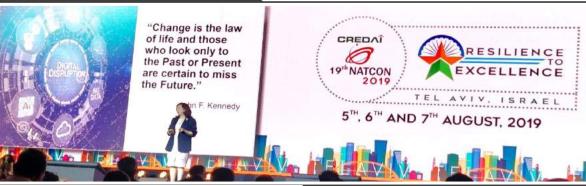
- Specialises in mould prevention and airpurifying paints; improving indoor air quality and occupants' wellness.
- Pilot project at CDL's project, Nouvel 18.



- China's leading operator of co-working spaces
- State-of-the-art technologies that raise efficiency and productivity for its occupants.
- Joint collaboration with CDL to create "CityNexus" smart office and building app for Republic Plaza.













IMPACT

- Creating Long-term Value for Our Business, Stakeholders and the Environment
- Driving Green & SDG Agenda Via Advocacy & Thought Leadership

2019 Sustainability Highlights and Value Created via Sustainability Integration





\$3.4bn Group revenue in 2019

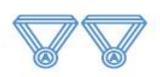




Top-ranked real estate company in the world

on 2020 Global 100 Most Sustainable Corporations in the World





Only Company in Southeast Asia and Hong Kong to score double "A"s by CDP for both climate change and water security







110 Green Mark developments and office interiors* -

Highest amongst local developers

*Includes subsidiaries and associated companies





Secured \$250m SDG Innovation Loan and \$500m Green Loans

for new developments





Maintained favourable ratings on
12 prominent international
sustainability rankings
and indexes





Sector Leader for Office, Asia for 3rd consecutive year

in the Global Real Estate Sustainability Benchmark (GRESB)







100% tenant participation

in CDL Green Lease Partnership Programme







More than \$28m in savings from energy-efficient retrofitting and initiatives implemented for eight

commercial buildings from 2012 to 2019







2nd Climate Change Scenario Planning based on TCFD recommendations –

Raised the bar to 1.5°C and 2°C warmer scenarios with expanded scope





Amongst pioneer batch of 87 global companies pledged to support UNGC's Business Ambition for 1.5°C





38% reduction

in carbon emissions intensity from 2007 levels

Global Sustainability Rankings >> Enables Corporates to Attract ESG/SRI Investment & Tap on Alternative Financing



FTSE4Good

Since 2002

Dow Jones
Sustainability Indices

In collaboration with a ROBECOSAM BION

DJSI Asia Pacific and World Index, since 2011





2019 CDP A-List for Climate Action & Water Security. (Reporting since 2008)

Corporate

rated by

Responsibility

oekom research

Since 2013;

Rated Prime in 2018



2020: Ranked Top amongst Real Estate Companies Globally; Listed since 2010.





SUSTAINALYTICS

Since 2014. Industry Leader, Real Estate, 2018 ESG Risk Rating: 1st / 541 (Real Estate Group); 3rd / 9,545 (Global Universe)



SGX

iEdge SG ESG Indices

Top 10 Constituent Companies since 2016

- ESG Leaders Index
- ESG Transparency Index



Prime

Regional Sector Leader since 2017



Bloomberg Gender Equality Index since 2018



_

Since 2018

Impact: Building a Larger Ecosystem to Drive Sustainable Best Practices



Food Waste Minimisation Forum by CDL, Jan 2020

- Food waste is one of the biggest waste streams in Singapore; ~10% of total waste generated
- Panelists from NEA, FoodBank Singapore, WWF, Miniwiz, TreeDots and EcoWiz.
- Attendance: >90 from businesses, government, schools, youths





Gender Diversity:

Women4Green Network/Actions

- Sustainable Fashion, Aug 2017
- Sustainable Tourism, Nov 2017
- Sustainable Jewellery, Dec 2018
- Sustainable Diet, May 2019
- Zero Waste Santa, Dec 2019



Sustainable Sourcing & Practices:

Recognition of SASPO commitments on Sustainable Palm Oil by WWF

- Minister Masagos announced 10 new companies joining the Southeast Asia Alliance for Sustainable Palm Oil (SASPO)
- Attendance: >100 business executives, sustainability advocates and the media, Feb 2018





Dexus

Rob Sims

Senior Manager, Group Sustainability and Energy







About Dexus

dexus

Who we are

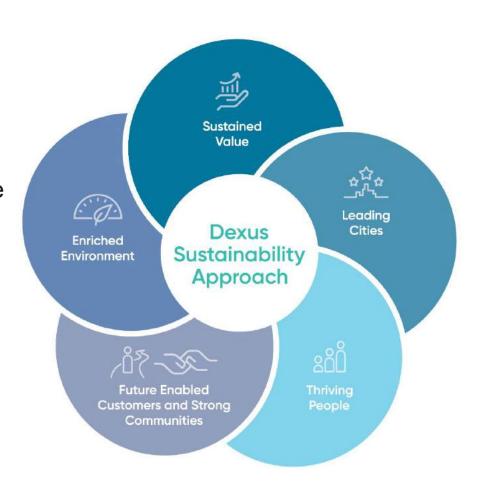
 Dexus is an owner and manager of high quality workplaces across the office, industrial, retail and healthcare sectors. Our properties are located across central business districts of Sydney, Melbourne, Brisbane and Perth

Why we come to work

- To create spaces where people thrive

What we believe in

 We are here to create sustained value for all of our stakeholders



Our approach

Our vision

Net zero emissions & smart, sustainable workplaces

- Advance our vision for the Workplace
- Adopt new technologies and products
- Bring customers on the journey
- Futureproof and embed value in the portfolio



Our target

Net zero emissions by 2030

- Achieve a net zero position for all carbon emissions across Dexus's managed property portfolio by 2030

Commitments









Delving into the details of the plan

dexus

Identifying opportunities



energy efficiency

Improving energy efficiency

Energy efficiency is critical to the delivery of our targets. Our aim is to achieve up to 50% in savings by 2030, reduce occupancy costs and create a unique customer experience

Off-site renewables

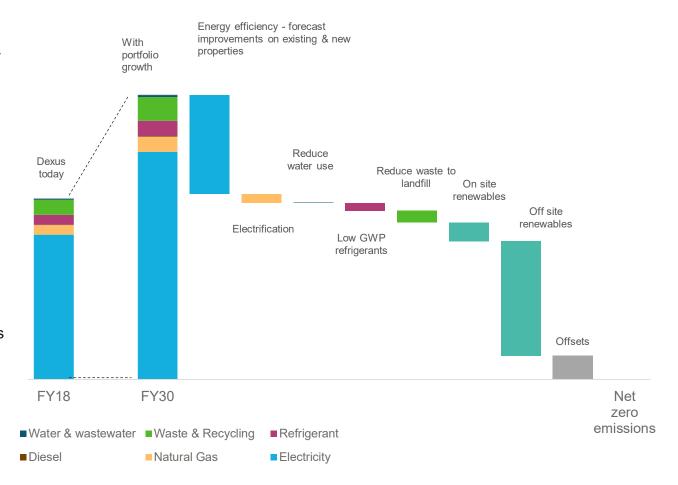


Increasing renewables

Transformation of the national electricity market opens up opportunities for large scale renewable sources to become a viable option within the national energy grid

On-site renewables

We will harness existing and emerging business models to deploy solar panels across our portfolio



How we frame priorities

dexus

Turning ambition into action

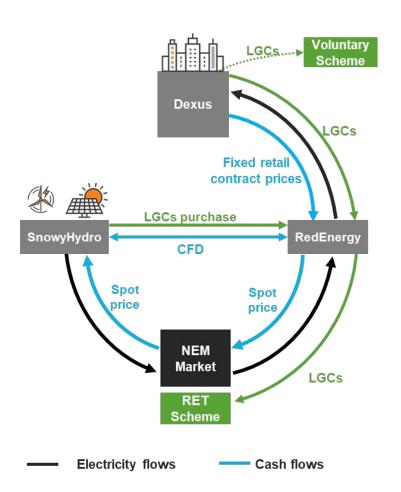
Electricity is the main source of energy used to operate central services within our buildings and therefore produces the most emissions

	Opportunities	Aligned issues	Levers	Quick wins	Strategic programs
е	Improving energy efficiency	 Customer priorities Workplace productivity and experience Property resilience 	Behaviour	 Signage & training Good housekeeping Measurement, analysis and benchmarking Responsiveness 	 Customer engagement programs and tools Supplier and FM incentives linked to performance
			Control and technology	Commissioning and fault detectionControls upgrades	 Data driven maintenance programs Smart building with advanced analytics and AI
			Equipment and Façade	Asset lifecycle upgrade program	Site master planningInnovation
			Design	 Design goals for new buildings 	Net zero new buildings
		CostAvailabilityReliabilityFlexibilityQuality	On site production	Sub 100kW Rooftop PV systems	On-site solar PV programBattery storage
			Fuel switching		 Electrification and/or gasification
	Increasing renewables		Procurement	Progressive purchasingBill optimisationGreenPower purchases	 Integrated procurement models involving progressive purchasing, and renewable energy PPA Embedded networks

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Transitioning to renewables

Dexus's renewable energy supply agreement



Dexus has partnered with Red Energy to source renewable energy off-site to power the base building services of more than 40 buildings across its NSW property portfolio, from January 2020.

The agreement builds in flexibility and risk management features:

- Term Load and meter flexibility
- Price Renewable % flexibility
- Firm deliverySupply linked
- At market pricing GreenPower accredited

Progressing the plan

What is Dexus doing?

Activation & engagement

- Internal engagement
- Setting interim targets
- Updates to policy and EMS
- Established Board ESG Committee

Measurement & disclosure

- Market-based emissions reporting
- Certified goal as Science-based target
- Green Star Performance

Emission reduction activities

- Repositioned GreenPower purchasing
- Signed Renewable Energy Supply Agreement
- Accelerating on-site solar program
- Updating Asset Strategic Improvement Plans





Solar PV system

Townsville

Disclaimer

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Swire Properties

Dr. Raymond Yau
General Manager, Technical Services
and Sustainable Development







Driving Long-term Decarbonisation for Low-carbon Transition

WorldGBC Webinar - Translating Scope 1, 2 and 3 for Commercial Real Estate

Dr. Raymond Yau

General Manager, Technical Services and Sustainable Development



OUR COMPANY

Headquartered in Hong Kong since 1972, Swire Properties is a leading developer, owner and operator of office, retail, hotel and residential properties, with a particular focus on mixed-use investment developments in Hong Kong, Mainland China and Miami, U.S.A., with a presence in Singapore.





2019 Investment Properties: 25.6 million sq.ft.















Residential

2019 Underlying Profit Attributable to Shareholders: ~US\$3,000 million

13.2 million sq. ft.

8.8 million sq. ft.

1.2 million sq. ft.

2.4 million sq. ft.

United States



HK portfolio:

PRC portfolio:

Hotels:

U.S.A portfolio:

Brickell City Centre, Miami, U.S.A.



Sino-Ocean Taikoo Li Chengdu





Taikoo Li Sanlitun, Beijing

Taikoo Hui, Guangzhou



Shanghai



SD PERFORMANCE







Rank 8th globally (DJSI World) in 2019

Top Company since 2018

Global Sector Leader in Other (mixed-use development) category since 2017







The Sustainability Yearbook 2020





The only HK and Mainland China developer listed

(2017, 2018, 2019)

2017 Winners 2020 Shortlisted

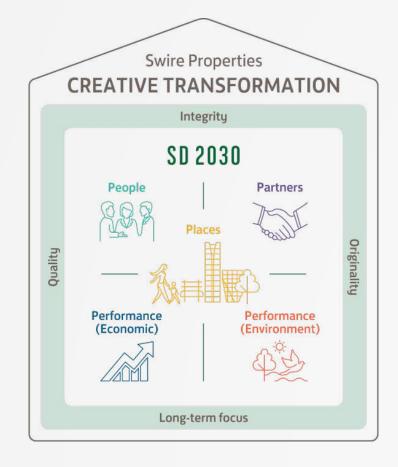




SUSTAINABLE DEVELOPMENT (SD) 2030 STRATEGY

COMPREHENSIVE SD STRATEGY INTEGRATED INTO EVERY FACET OF BUSINESS OPERATIONS

SD Vision: "To be the leading SD performer in our industry globally by 2030"









GREEN FINANCING



Sustainability-Linked Loan (SLL)

- 2019: HK\$500 million, <u>first</u> in Hong Kong to launch a financing mechanism that ties with year-onyear SD performance improvement targets
- 2020: Launched 2 more SLLs totalling HK\$2,000 million

Green Bonds

- 2018: <u>First</u> certified US\$500 million green bond in Hong Kong that obtains Green Finance Certification from Hong Kong Quality Assurance Agency (HKQAA)
- 2020: Launched 2 more green bonds totalling HK\$804 million





Green Buildings



Climate Change Adaptation



Energy Efficiency



Renewable Energy



Sustainable Water and Wastewater Management

Positive Impact to the Environment and Our Future Developments

Our Green Bond Reports (2018 & 2019)





Financial Institutions

CLIMATE CHANGE MANAGEMENT STRATEGY



Reduce greenhouse gases through energy efficiency improvement





Adapt to climate impacts to avoid harm or exploit beneficial opportunities



Recover from climate-related hazardous events to maintain functions and structure and continue to thrive



We are responding to Climate Change with initiatives on mitigation, adaption, and resilience that align with **SDG13**: take urgent action to combat climate change and its impacts



CARBON EMISSIONS IN SWIRE PROPERTIES' VALUE CHAIN

Scope 1 - Direct GHG Emissions

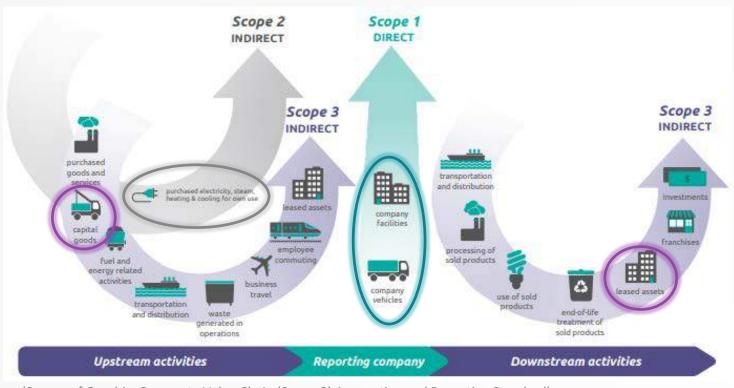
 from sources that are owned or controlled (e.g. emissions from natural gas, diesel and town gas burned onsite)

Scope 2 - Electricity Indirect GHG Emissions

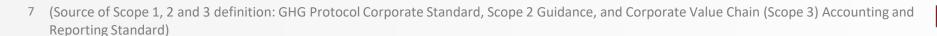
 from the generation of purchased or acquired electricity, steam, heating, or cooling consumed

Scope 3 - Other Indirect GHG Emissions

- SBTi requirement: set target for scope 3 emissions if it is >40% of total GHG emissions
- Conducted screening test to identify our major scope 3 categories (which cover >2/3 of total Scope 3 emissions):
 - capital goods
 - downstream leased assets



(Source of Graphic: Corporate Value Chain (Scope 3) Accounting and Reporting Standard)





OUR APPROVED SBT



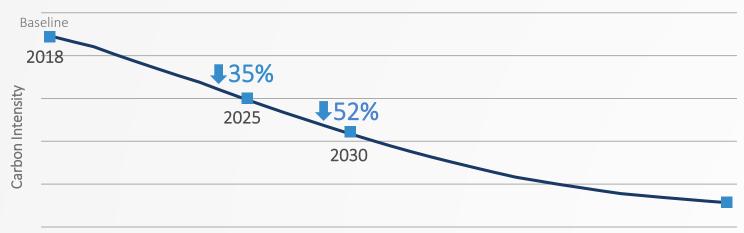
For our global investment portfolios



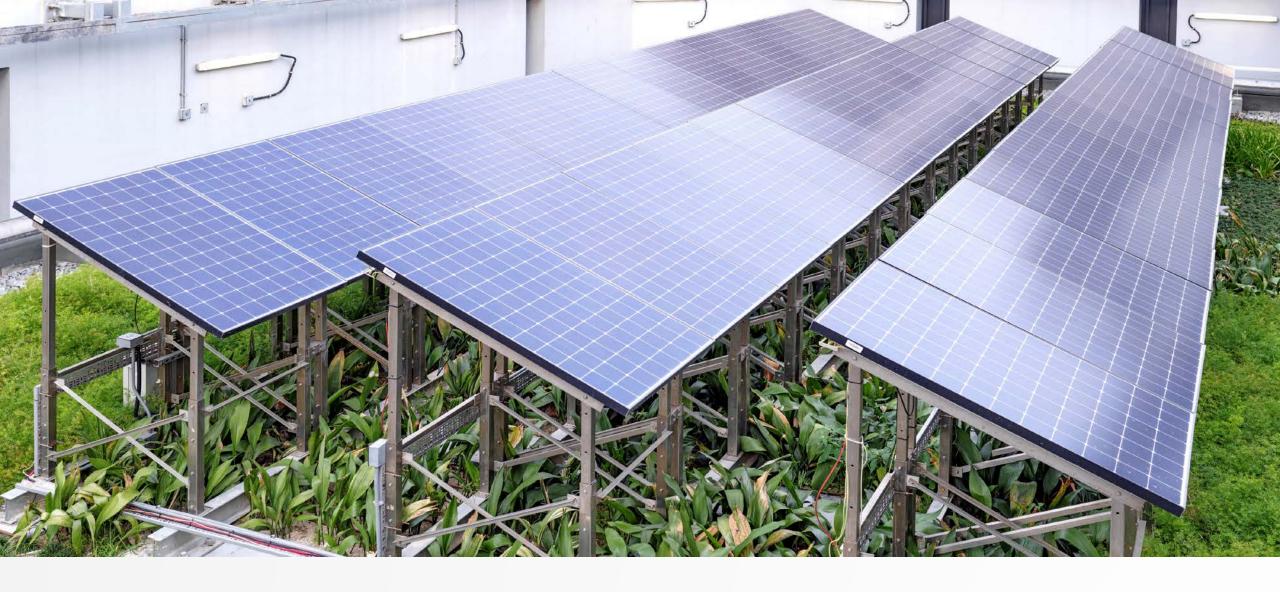




Long-term Decarbonisation Pathway (2°C Scenario)







SCOPE 1 & 2 – MITIGATION STRATEGIES



DEEP DECARBONIZATION STRATEGIES

Equipment Operation and Upgrading

- Equipment operating at rated condition
- Chiller and boiler replacement
- Replacement of low efficiency equipment
- Variable speed drive
- New equipment technology (e.g. EC Plug Fan)

Retro-commissioning and Monitoring Based Commissioning

- Chiller and pump operation sequence optimization
- Control logic review
- Fresh air supply and control
- AHU pressure and VAV minimum flow reset
- Automatic lighting control

Digital Solutions and Modern Technology

- Smart meters & IoT sensors
- Big data analysis
- Cloud computing
- AI & Machine Learning
- Predictive maintenance

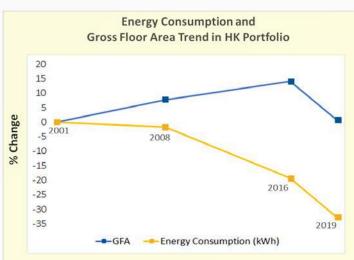
Renewable Energy

- On & off-site renewable energy
- PV panel installation
- Waste-to-energy trigeneration

Passive Design

- High performance façade
- Green roof







MONITORING-BASED COMMISSIONING

Retro-Commissioning

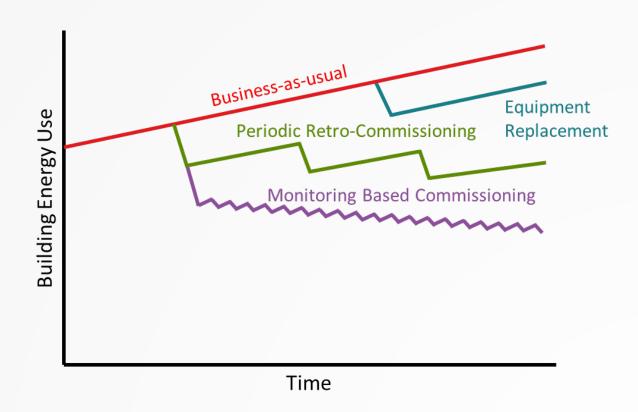
- Detailed diagnostics and monitoring
- On-site testing
- Recommend and implement optimization strategies
- Measurement and verification
- Conduct training for O&M staff

Energy Data Analysis

- Collection of building information
- Interview with O&M staff
- Energy gap analysis
- Initial site walk
- Initial system checking
- RCx plan

On-going Analytics Monitoring

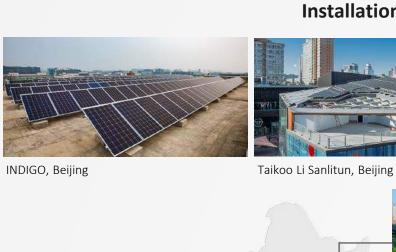
- On-going monitoring
- Feedback
- Verification
- Automatic diagnostics
- Automatic reporting





SCOPE 1 & 2: INVESTMENT IN RENEWABLE ENERGY

Installation of Solar Photovoltaic (PV) Panels



Guangzhou

Hong Kong





One Taikoo Place



Taikoo Hui, Guangzhou

Combined PV system and green roof One Taikoo Place, Hong Kong



One Taikoo Place



On and Off-site RE **Procurement Strategy** and Roadmap

HK's 1st bio-diesel powered tri-generation and absorption chiller system in commercial building





SCOPE 3 – DOWNSTREAM LEASED ASSETS MITIGATION STRATEGIES



SCOPE 3: DOWNSTREAM LEASED ASSETS - TENANT ENGAGEMENT

Energy and Carbon Reduction Strategies:







Free energy audits for tenants

Green Kitchen Initiative

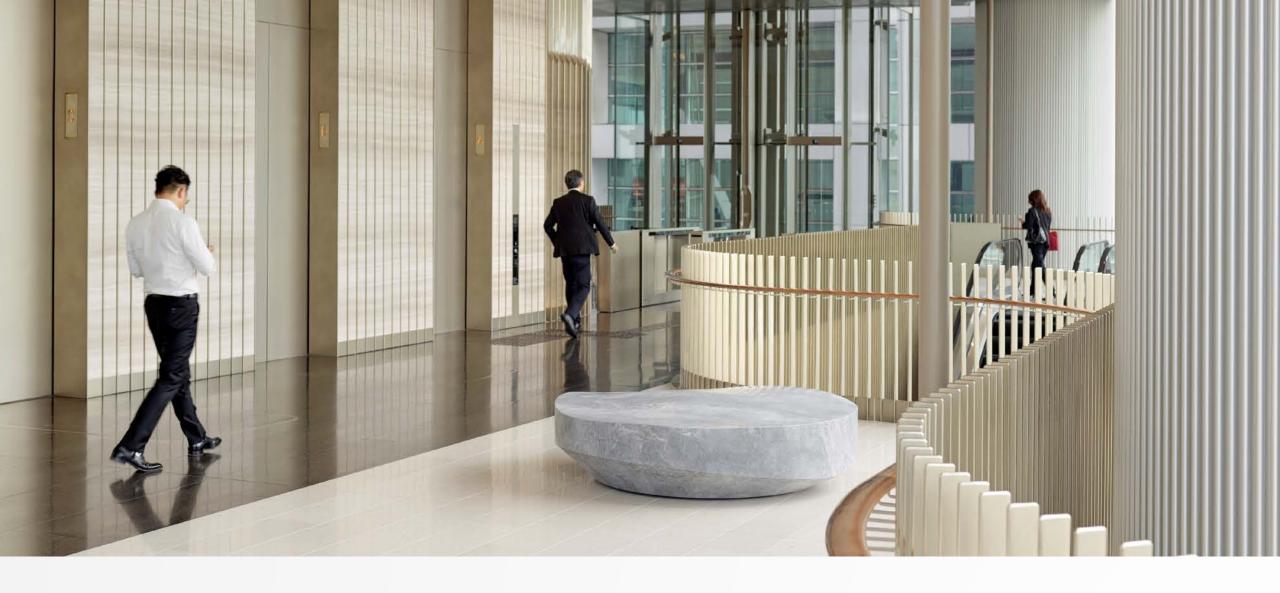
Tenant energy optimisation program

8.6 m kwh potential energy savings identified in free energy audit (in 5.3m sq. ft. of tenanted space)

75_{%+}
F&B tenants
recycle food waste

(Source of Photo: https://www.se.com/hk/en/work/products/product-launch/powertag/)





SCOPE 3 – CAPITAL GOODS MITIGATION STRATEGIES





LEED

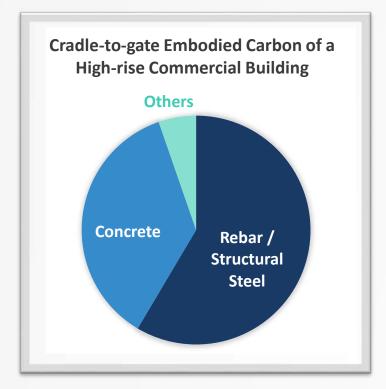




CASE STUDY – REDUCE EMBODIED CARBON EMISSIONS FROM PROJECTS DEVELOPMENT

In partnership with a university partner, we completed a pilot study to measure:

- Carbon emissions from construction activities
- Embodied carbon from major construction materials used



The embodied carbon in the building's concrete, rebar and structural steel

contributes to nearly **90%** of **One Taikoo Place**'s total carbon emissions.





LEED CANADA





CASE STUDY – REDUCE EMBODIED CARBON EMISSIONS FROM PROJECTS DEVELOPMENT

Energy and Carbon Reduction Strategies:

- Material selection and building design
 - Procure construction materials with lower embodied carbon wherever applicable



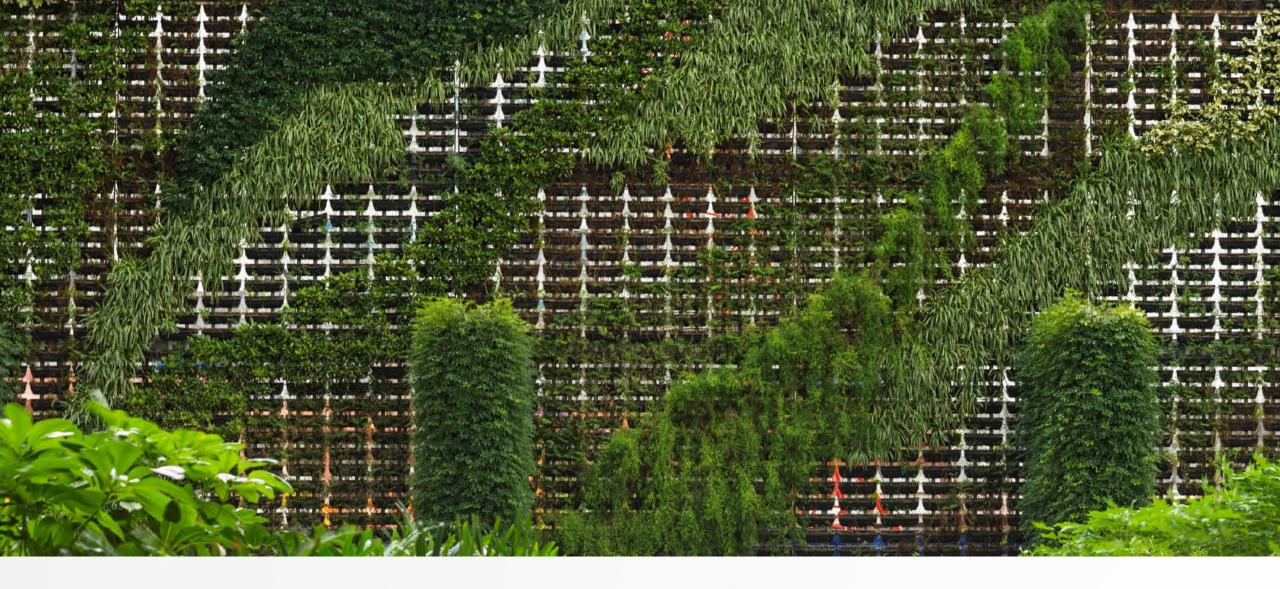
Concrete: with 25% - 35% Pulverised Fly Ash (PFA) as cement substitute



Rebar / structural steel: more recycled steel content (e.g. >20%), and adopt low carbon production method

- More efficient use of materials through structural optimisation
- More efficient construction equipment and processes

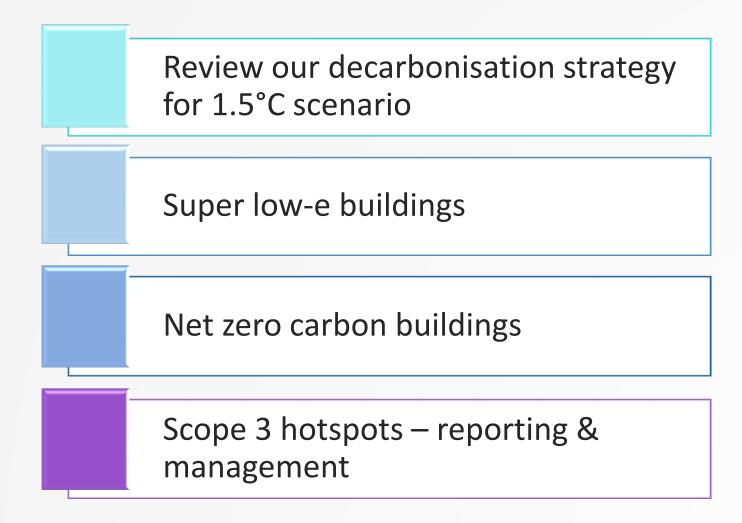




THE WAY FORWARD



THE WAY FORWARD











What have we learnt:

- The value of market leading initiatives –
 demonstrate leadership action and help to
 drive the market forwards
- Support collaboration & integration engage with your supply chain to raise awareness and educate on the importance of carbon reductions
- Pick low hanging fruit understand the major impact areas of your emission scopes and start to take action now!
- Align with business strategy great potential to achieve business as well as environmental outcomes.

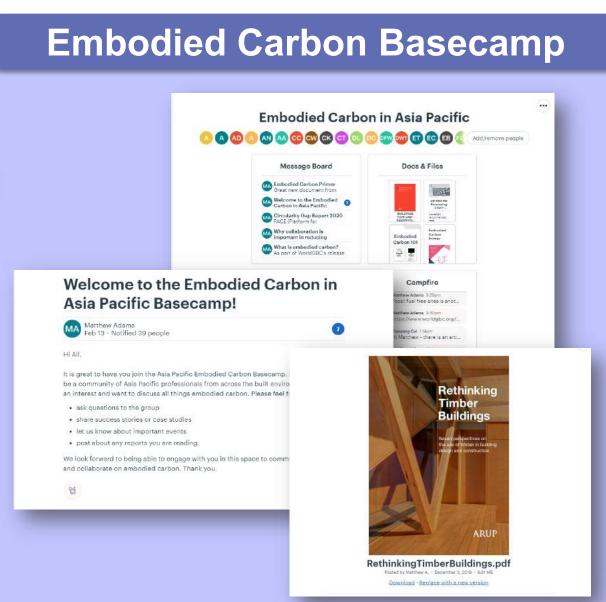


Further Resources











Thank you!

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...in creating green buildings for everyone, everywhere



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World Green Building Council

