

## Module: Introduction

## Page: Introduction

## 0.1

**Introduction**

Please give a general description and introduction to your organization

This is the fifth submission made by Commonwealth Property Office Fund (CPA or the "Fund") to the Carbon Disclosure Project. CPA is an office sector-specific Australian Real Estate Investment Trust (A-REIT) which invests in prime quality office property located in central business districts and major suburban markets across Australia. At 31 December 2010, CPA owned 29 major office buildings. The buildings are users of energy and water and generate waste. CPA has been focused on improving the base building operational efficiency of the buildings to reduce their environmental footprints. In 2010, CPA spent approximately AUD\$15 million on projects improving the buildings' operational efficiency. The Responsible Entity of CPA is Commonwealth Managed Investments Limited (CMIL or the 'RE'). CMIL has appointed Colonial First State Property Limited (CFSPL or the 'Manager'), as the Manager of CPA. CFSPL is the management entity utilised by the Property division of Colonial First State Global Asset Management. Subject to certain limitations, the Manager has a duty to carry out or cause to be carried out all the functions, duties, responsibilities and obligations of the Responsible Entity. However, CMIL remains fully responsible for the actions of the Manager. The property assets owned by CPA are operated and maintained by the asset management division of Colonial First State Global Asset Management (CFSGAM-AM), CFSGAM-AM and CFSPL are both divisions of Colonial First State Global Asset Management the consolidated asset management arm of the Commonwealth Bank of Australia (the 'Bank'). For the purposes of this survey and simplicity, all references to these bodies will fall under the definition of CPA, unless otherwise stated. Each of the Fund's assets has a defined Sustainability Implementation Plan through which environmental impact improvements are identified, scheduled and capital expenditure and appropriate resources allocated. CPA has been included in the Dow Jones Sustainability Index (DJSI) since September 2004 and the FTSE4Good Index since its inception in 2001. On 1 March 2007, Colonial First State Global Asset Management became Australia's largest fund manager to become a signatory to the United Nations Principles for Responsible Investment (UNPRI). The business Responsible Investment Report is available at [http://www.cfsgam.com.au/uploadedFiles/CFSGAM/About\\_Us/Responsible\\_Investment/GAM\\_RI\\_Report2009.pdf](http://www.cfsgam.com.au/uploadedFiles/CFSGAM/About_Us/Responsible_Investment/GAM_RI_Report2009.pdf) Colonial First State Global Asset Management's Climate Change position paper is located here: [http://www.cfsgam.com.au/uploadedFiles/CFSGAM/About\\_Us/Responsible\\_Investment/CC-position-statement%20May%202010.pdf](http://www.cfsgam.com.au/uploadedFiles/CFSGAM/About_Us/Responsible_Investment/CC-position-statement%20May%202010.pdf) Colonial First State Global Asset Management is also an active member of the Investor Group on Climate Change (IGCC) and is represented on the Management committee with the position of Deputy Chair. In 2009, the Fund consolidated its sustainability report in the Fund's annual report to ensure one primary document reporting sustainability initiatives and achievements.

## 0.2

**Reporting Year**

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed
01/01/2010 – 31/12/2010

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**0.3****Country list configuration**

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response

Select country
Australia

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**0.4****Currency selection**

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

AUD (\$)

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**0.5**

Please select if you wish to complete a shorter information request

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0.6

#### Modules

As part of the Investor CDP information request, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors and companies in the oil and gas industry should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will be marked as default options to your information request. If you want to query your classification, please email [respond@cdproject.net](mailto:respond@cdproject.net).

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdproject.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

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#### Further Information

CPA only holds Australian commercial property assets in its portfolio.

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#### Attachments

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/Introduction/GAM\\_RI\\_Report2009\[1\].pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/Introduction/GAM_RI_Report2009[1].pdf)  
[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/Introduction/CC-position-statement May 2010\[1\].pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/Introduction/CC-position-statement%20May%202010[1].pdf)

**Module: Management [Investor]**

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1.1

**Where is the highest level of direct responsibility for climate change within your company?**

Individual/Sub-set of the Board or other committee appointed by the Board

**1.1a**

**Please identify the position of the individual or name of the committee with this responsibility**

Board appointed Management Company, Colonial First State Property Limited (CFSPL), the Manager of CPA (referred to throughout this survey as CFSGAM).

Formal bi-annual (twice yearly) reports on climate change and sustainability are provided to the Board, Management and other relevant parties, by the Head of Sustainability. Additionally, ongoing reporting is provided on specific issues as part of routine reporting. These include monthly sustainability reports (including climate change) to the Executive Committee. CFSPL is the Board appointed Management Company of CPA. CFSPL is the management entity utilised by the Property division of Colonial First State Global Asset Management.

**1.2**

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

Yes

**1.2a**

**Please complete the table**

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
Corporate executive team	Monetary reward	Climate change, carbon reduction and building energy efficiency performance is a recognised aspect of the broader risk management processes of the business. The adoption and implementation of the risk management framework, including mitigation and management of those identified risks, forms part of the overall KPI requirements of all staff. Furthermore, CPA has publically disclosed both short and long term NABERS performance targets and the achievement of these at both individual building and portfolio Fund level is a consideration of the relevant remuneration package. These NABERS performance targets are effectively CPA's emission reduction targets, as they measure emissions through energy reduction. Hence, it is a monetary incentive

Who is entitled to benefit from these incentives?	The type of incentives	Incentivised performance indicator
		within the performance management process and a consideration in the overall remuneration arrangements of the Corporate Executive Team.
Environment/sustainability managers	Monetary reward	Climate change, carbon reduction and building energy efficiency performance is a recognised aspect of the broader risk management processes of the business. The adoption and implementation of the risk management framework, including mitigation and management of those identified risks, forms part of the overall KPI requirements of all staff. Furthermore, CPA has publically disclosed both short and long term NABERS performance targets and the achievement of these at both individual building and portfolio Fund level is a consideration of the relevant remuneration package. These NABERS performance targets are effectively CPA's emission reduction targets, as they measure emissions through energy reduction. Hence, it is a monetary incentive within the performance management process and a consideration in the overall remuneration arrangements of the Sustainability and Responsible Investment team.
Other: Property Management Team	Monetary reward	Climate change, carbon reduction and building energy efficiency performance is a recognised aspect of the broader risk management processes of the business. The adoption and implementation of the risk management framework, including mitigation and management of those identified risks, forms part of the overall KPI requirements of all staff. Furthermore, CPA has publically disclosed both short and long term NABERS performance targets and the achievement of these at both individual building and portfolio Fund level is a consideration of the relevant remuneration package. These NABERS performance targets are effectively CPA's emission reduction targets, as they measure emissions through energy reduction. Hence, it is a monetary incentive within the performance management process and a consideration in the overall remuneration arrangements of the Property Management Team.

2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company-wide risk management processes

2.1a

Please provide further details (see guidance)

At the strategic level, CPA utilises an enterprise-wide risk management framework that takes into account as part of its formal practices the consideration of and planning for strategic, regulatory, operational, liquidity, financial, market and report risk (in accordance with ISO 9100:2008 and AS/NZS 4360:2004). Thereafter,

specific planning for risks are dealt with through the business strategy, which enables the detailed procedural controls, planning and implementation of risk management. Every CPA asset has a Strategic Asset Plan (SAP) which assesses the strengths, weaknesses, risks and opportunities of each asset (including those pertaining to climate change). The SAP is created annually, reviewed quarterly and also when required if asset conditions change, and informally if the need requires. Each risk in the SAP is assessed in terms of the impact on the Fund financially with each risk frequency and impact assessed, to provide an overall materiality and severity of opportunity or loss.

The process is undertaken by the property managers in the first instance, and is reviewed by the regional portfolio managers, who present findings to the fund management team. The initial audience for the process is the Fund Manager and ultimately any material issues will be reported to the Board of the Responsible Entity.

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## 2.2

### Is climate change integrated into your business strategy?

Yes

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## 2.2a

### Please describe the process and outcomes (see guidance)

The manager of CPA, CFSGAM, has a Climate Change Position Statement, and a Risk Management framework for the management of its assets and the CPA Fund as a whole. Risk and Opportunities relating to climate change are assessed on an asset by asset basis as part of the Strategic Asset Plan process, on a quarterly basis. This is then rolled up to give an organisation wide view. The scope of the Strategic Asset Plan Process is to review all strengths, weaknesses, threats and opportunities, with climate change risk and opportunity slotting into this process. The Strategic Asset Plan process occurs annually, reviewed quarterly and also when required if asset conditions change, and additionally also informally when issues are identified.

The manager of CPA recognises the potential severity of climate change on our industry and our assets. Climate change is (and will increasingly) impact on the scarcity and pricing of resources such as energy, water, building materials and waste. As a responsible manager of investor's capital over the longer term, it is essential to address these impacts of climate change, in the strategy of the fund, and it does so by taking these into account in the business strategy.

The overall business strategy is to be "recognised as the leading Australian-based global fund manager, and part of the global leadership group on sustainability and responsible investment. Underpinning this are our business objectives, which are designed to achieve the strategy over the short, medium and long-term horizon.

The business strategy is guided by and incorporates:

- Group-level strategic determinants
- Integrated risk management to identify, assess and manage the business
- Recognition of the different streams of our business and their unique requirements for development over time
- The impact of UN PRI commitment on the business delivery model.

Addressing climate change provides the Fund with a strategic advantage. Office tenants are increasingly demanding more efficient office buildings and with the increasing costs of energy, water, building materials and waste, it is also economically more viable to have a more efficient building. Highly efficient buildings encourage greater demand from tenants, with lower operating costs, lower vacancy rates (as well as less down time between tenants) and stronger rental growth. All of this results in assets with a lower risk profile and ultimately higher valuations. This strategy also provides investors with more confidence, putting upward pressure

on CPA's share price, lowering CPA's cost of debt and equity providing another strategic advantage.

Accordingly the Fund has set NABERS Energy and NABERS Water ratings targets across the portfolio to encourage the continual improvement in the efficiency of CPA's portfolio of assets, reducing the emissions from the Fund's assets. (NABERS energy targets are effectively the emission reduction targets at individual assets, and overall for the portfolio of properties in the fund).

The engagement with PRI, and our Climate Change Position Statement form an integral aspect of the design of the 1 to 3 year business objectives planning and the long-term strategy of CFSGAM's positioning, and that of CPA. The management of these commitments, and those of the Direct Property Sustainability Policy, are incorporated into the business model, strategic planning for each asset class, the management of specific assets individually, and the overall performance expectations of the products and services we deliver.

Additionally, these plans are supported through a dedicated advocacy program, with a team of sustainability and responsible investment professionals providing critical advice to the business and supporting it through representation to key government and industry bodies for the development of regulation, trading markets and enhanced performance over time.

Collectively, these elements work to set the operating parameters of CPA in terms of its target setting for actions identified in questions 3 through 8, and are actioned through the Sustainability Implementation Plans we have in place for each asset within CPA.

The attachments include: our Direct Property Sustainability Policy, which enumerates the actions we are committed to in terms of improving assets through the adoption of sustainable property management practice, and our expectation as to how those actions will achieve overall improvement to both the quality and lifespan of the asset, and maximise investor return. Similarly, the Annual Report includes a dedicated Sustainability section that outlines the specific issues dealt with during the financial year that were undertaken for assets of the portfolio, and how those have contributed to the strategic objectives of CPA. The CFSGAM website for sustainability and responsible investment provides the overarching linkage between the collective strategic perspective and how each part of the business contributed to those outcomes (see: <http://www.cfsgam.com.au/RI.aspx>).

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2.2b

Please explain why not

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2.3

**Do you engage with policy makers to encourage further action on mitigation and/or adaptation?**

Yes

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2.3a

**Please explain (i) the engagement process and (ii) actions you are advocating**

## **(i) Engagement Process**

### i. Method of Engagement

CPA, through CFSGAM the Manager, engages with policy makers directly and through its industry associations.

CFSGAM has made direct responses to last years Senate enquiry to the Carbon Reduction Pollution Scheme and to the current Federal Government platform. CFSGAM predominantly engages with policy makers through industry associations such as the Investor Group on Climate Change (IGCC), the Property Council (PCA), and the Green Building Council of Australia (GBCA). Most policy voice is done through industry bodies as it is a more effective voice of industry.

In addition to Member representation on these bodies, the CFSGAM Head of Sustainability and Responsible Investment is the Deputy Chair of the IGCC, the CFSGAM Head of Sustainability - Property is Director of the GBCA and is on the PCA National Sustainability Roundtable, and the CFSGAM Sustainability Manager is on the PCA Sustainable Development NSW Committee.

### ii. Topics of Engagement

These topics include coverage of current and anticipated legislation on carbon pricing mechanism, energy and GHG measurement and reporting protocols and schemes, green building and energy efficiency funding opportunities, mandatory and voluntary GHG emission reduction programs, and green building rating schemes.

### iii. Nature of Engagement

The nature of our engagement in the policy arena includes submissions to inquiries into emissions trading schemes (including attending hearings), numerous submissions to both federal and state legislative development processed and the support of advocacy positions of industry associations including IGCC and the PCA.

## **(ii) Action Advocated**

Broadly the objective of CFSGAM has been to recognise and encourage government and industry action, on reducing climate change.

Specific actions advocated have included showing support at the federal government level for the introduction of a carbon pricing mechanism, assisting in the development of both performance and design based green building rating tools, advocating the National Energy Efficiency White Paper, assisting in the consultation process the development of the Green Building Fund, and assisting the PCA to collaborate with government to produce a guide on the NGERs Reporting for the real estate Industry that helps to improve energy and GHG reporting.

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## **Attachments**

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/Climate Change Position Statement\\_May2010.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/2.Strategy/Climate%20Change%20Position%20Statement_May2010.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/Responsible Investment Policy Statement May2010.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/2.Strategy/Responsible%20Investment%20Policy%20Statement%20May2010.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/CFX June 2010 Annual Report.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/2.Strategy/CFX%20June%202010%20Annual%20Report.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/2.Strategy/Direct Property Sustainability Policy\\_May2010.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/2.Strategy/Direct%20Property%20Sustainability%20Policy_May2010.pdf)

**Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?**

Absolute and intensity targets

**3.1a**

**Please provide details of your absolute target**

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
A-01	Scope 1+2+3	88.3%	6.1%	2008	63149	2010	This is a forecast target based on a bottom up analysis of sustainability works being performed across the portfolio. Target excludes assets under redevelopment in the target year. The target is driven by the CFSGAM's Operational Performance Strategy. Actual savings of 18.5% were achieved. The NABERS energy rating of the portfolio has been improved from 2.6 to 3.8 stars.
A-02	Scope 1+2+3	93.3%	1%	2008	65864	2012	This consumption target is based on further reduction of absolute emissions despite the acquisition of new assets (growth of 18% by NLA). The portfolio is targeting an upgrade of its NABERS Energy rating to 4.5 stars by 2013 financial year.
A-03	Scope 1+2+3	41.3%	70%	2006	31176	2030	An MOU has been signed with the Sydney City Council to reduce greenhouse emissions by 70% for Sydney CBD buildings using a 2006 base year.

**3.1b**

**Please provide details of your intensity target**

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
B-	Scope	88.3%	5.2%	metric	2008	70299	2010	This is a forecast target based on a bottom up analysis of sustainability

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Base year emissions (metric tonnes CO2e)	Target year	Comment
01	1+2+3			tonnes CO2e per square meter				works being performed across the portfolio but derived as an intensity indicator (metric tonnes CO2e per m2). This intensity metric is a clear indicator of efficiency. Target excludes assets under redevelopment in the target year. The target is driven by the CFSGAM's Operational Performance Strategy. The NABERS energy rating of the portfolio has been improved from 2.6 to 3.8 stars. Actual savings of 14% were achieved.
B-02	Scope 1+2+3	93.3%	21.3%	metric tonnes CO2e per square meter	2008	70299	2012	This intensity target is based on further improvement to building efficiency performance despite the acquisition of new assets (growth of 18% by NLA). The portfolio is targeting an upgrade of its NABERS Energy rating to 4.5 stars by 2013 financial year.
B-03	Scope 1+2+3	41.3%	70%	metric tonnes CO2e per square meter	2006	31176	2030	An MOU has been signed with the Sydney City Council to reduce greenhouse emissions by 70% for Sydney CBD buildings using a 2006 base year.

### 3.1c

Please also indicate what change in absolute emissions this intensity target reflects

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comments
B-01	Decrease	2.3%	Decrease	2.3%	This question does not take into account productivity or efficiency improvement. The ratio between scope 1 and scope 2, and scope 3 is comparable and proportionate.

ID	Direction of change anticipated in absolute Scope 1+2 emissions at target completion?	% change anticipated in absolute Scope 1+2 emissions	Direction of change anticipated in absolute Scope 3 emissions at target completion?	% change anticipated in absolute Scope 3 emissions	Comments
B-02	No change	0%	No change	0%	This question does not take into account productivity or efficiency improvement. The ratio between scope 1 and scope 2, and scope 3 is comparable and proportionate.
B-03	Decrease	70%	Decrease	70%	This question does not take into account productivity or efficiency improvement. The ratio between scope 1 and scope 2, and scope 3 is comparable and proportionate.

### 3.1d

Please provide details on your progress against this target made in the reporting year

ID	% complete (time)	% complete (emissions)	Comment
A-01	100%	100%	This target is complete and has been achieved
A-02	66%	66%	Note that this is an emissions stabilisation/maintenance target, the size of the portfolio will increase by 18% and the emissions must be maintained.
A-03	15%	6%	This target is in the initial stages of planning
B-01	100%	100%	This target is complete and has been achieved
B-02	60%	26%	This target is on track for achievement based on performance during the 2012 calendar year
B-03	15%	6%	This target is in the initial stages of planning

### 3.1e

Please explain (i) why not; and (ii) forecast how your emissions will change over the next five years

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### 3.2

**Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?**

Yes

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### 3.2a

**Please provide details (see guidance)**

How and Why?

The efficiency of our properties directly enables GHG emissions to be avoided by a third party. This includes the tenants in our buildings. The implementation of energy efficiency initiatives can deliver significant GHG reductions across whole building performance. CPA has implemented numerous technological projects that include the selection of energy-efficient HVAC, the use of low energy lighting, the optimisation of building management systems, and advanced integration and planning of energy efficiency / GHG avoidance opportunities for major building upgrades and developments.

Example?

An example of the GHG emission impact of a project can be demonstrated through a case study on 385 Bourke St, whereby a series of building improvements have been undertaken since 2006 and have achieved an offset of 5921 tonnes of CO<sub>2</sub>-e pa. The base building operations now produce 41% less GHG emissions in comparison to 2006. The methodology used to measure this outcome is undertaken through the extensive utility sub-metering, monitoring and analysis system that is installed throughout the 385 Bourke St. All assets within CPA have a similar building management system which is referred to in the CFSGAM Operational Performance Strategy as the Asset Efficiency Program (AEP).

Supporting Programs?

CPA has developed a Green Lease Strategy and Program which allows both CPA and its tenants to improve the carbon performance of its assets while removing the barriers to energy efficiency. CPA is currently in the process of developing a methodology to quantify the GHG emissions avoided by its tenants due to the installation and ongoing management of energy efficiency initiatives. The development of this methodology will also take into consideration any existing and future opportunities to create carbon credits.

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### 3.3

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

Yes

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### 3.3a

Please provide details in the table below

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
Energy efficiency: building services	Project Name: 11 Waymouth St, Adelaide. Fire Stair Lighting Control Upgrade Scope: – Installation and commissioning of motion detectors to control fire stairs lighting Mandatory/voluntary: Voluntary Development Stage: Complete Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building. The methodology for the case study emissions is gained through the energy metering in place in the buildings and energy monitoring systems.	6593	21380	>3 years
Energy efficiency: building services	Project Name: 60 Castlereagh St, Sydney Lighting Efficiency Upgrade Scope: - Install Passive Infrared sensors (PIR's) and re-wire the car park to turn on car park lighting by way of sensor - Selective de-lamping was carried out to stairwell and corridors throughout the building Mandatory/voluntary: Voluntary Development stage: complete Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building. The methodology for the case study emissions is gained through the energy metering in place in the buildings and energy monitoring systems.	5415	4622	1-3 years
Energy efficiency: building services	Project Name: 385 Bourke St, Melbourne Energy Efficiency Upgrade Scope: A series of voluntary building improvements undertaken over a period of several years including: - Lighting control and lighting efficiency - Removal of air curtains over major entrances, replaced by automated doors. - Upgrade of fan motor plant to enable variable speed control of fans - Tuning of the controls system, including: Economy cycle optimisation, Floor system algorithm tuning, After hours floor by floor zoning implementation, Chiller and Boiler sequencing controls, Heating hot water and Chilled water loop control tuning, Active air quality control (CO2 monitoring), optimised start, Electrical metering additions for improved monitoring of energy consumption, Energy metering additions. Mandatory/voluntary: Voluntary Development Stage: Complete Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building. The methodology for the case study emissions is gained through the energy metering in place in the buildings and energy monitoring systems.	620198	2588000	>3 years
Energy efficiency: building services	Project Name: 56 Pitt St, Sydney upgrade of lift lighting efficiency Scope: Upgrade of lift lighting from 50W Halogen (Dichroic) down lights to 3 Watt LED down lights. Mandatory/voluntary: Voluntary Development Stage: Complete Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building. The methodology for the case study emissions is gained through the energy metering in place in the buildings and energy monitoring systems.	2445	4960	1-3 years
Energy efficiency: building services	Project name: Airflow balancing and AHU upgrade for 56 Pitt St, Sydney Scope: This project was designed to provide energy savings from static balancing and re-tuning of airflows meet minimum design requirements. - Airflow balance of HVAC system to each register - Installation of VSDs on supply and return air fans (6 total) Mandatory/voluntary: Voluntary, although there was an "Australian	13196	69028	>3 years

Activity type	Description of activity	Annual monetary savings (unit currency)	Investment required (unit currency)	Payback period
	Standards” driver to ensure that the building was complying with the minimum outside air provision requirements Development Stage: Complete Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building. The methodology for the case study emissions is gained through the energy metering in place in the buildings and energy monitoring systems.			
Energy efficiency: processes	Project Name: Portfolio controls tuning – “half star half degree” Scope: De-tune the HVAC service provided to the minimum requirements of the lease at each building by increasing the heating and cooling deadbands each by half a degree. Empirical and theoretical study has shown that this can improve base building NABERS performance by half a star. Mandatory/voluntary: Voluntary Development Stage: Complete at 4 sites, in the planning stages at the remaining sites. Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building. The methodology for the case study emissions is gained through the energy metering in place in the buildings and energy monitoring systems.	632200	250000	<1 year
Energy efficiency: building services	Project Name: Nara Centre mechanical upgrade works Scope: The building is being upgraded to target maintenance of 4.5 stars NABERS performance over a 10 year lease term. This is due to a requirement of the Green Lease for the building. Works are being conducted to upgrade chillers and boilers, upgrade lifts, replace floor mechanical plant and upgrade the BMS. Mandatory/voluntary: Mandatory, these works are committed to in the green lease schedule of the lease contract Development Stage: Design Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building. The methodology for the case study emissions is gained through the energy metering in place in the buildings and energy monitoring systems.	1200000	68000	>3 years
Behavioural change	Project Name: Asset Efficiency Program Scope: Detailed energy monitoring systems are being installed across all buildings in the CPA portfolio. This program takes a strategic view to the installation of metering systems by splitting each building into its various sub-systems. A direct payback from this measure is not able to be calculated but there will be an improvement in the capability to monitor energy efficiency performance. Mandatory/voluntary: Voluntary Development Stage: Complete at 12 sites in planning and design phases for the remainder Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building.		3000000	>3 years
Low carbon energy installation	Project Name: 385 Bourke St Tri-generation Scope: A tri-generation system is being installed at the building at 385 Bourke St in Melbourne. This area of Australia has particularly carbon intensive electricity generation, switching the generation to being gas fuelled will give significant emissions savings. Mandatory/voluntary: Voluntary Development Stage: Design Expected Lifetime: 30-40 years, the works are expected to be in operation for the lifetime of the building.		5000000	>3 years

3.3b

**What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Employee engagement	NABERS targets Each year a NABERS performance target is set for each site in collaboration with the site operations teams.
Compliance with regulatory requirements/standards	CBD CPA is fully compliant with the Commercial Building Disclosure legislation of Australia. This is satisfied through the annual NABERS rating program implemented as part of CFSGAM's Operational Performance Strategy. EEO CPA has implemented a program to comply with the Australian Government's Energy Efficiency Opportunities (EEO) legislation. This requires assessment and public reporting of energy efficiency opportunities available within the portfolio. The implementation of the Operational Performance Strategy satisfies all EEO obligations.
Internal incentives/recognition programs,	NABERS Targets As part of the Operational Performance Strategy, each year a bottom up analysis of the portfolio is conducted to forecast the improvement in NABERS performance at each asset. From this baseline a portfolio wide target is calculated and multi-site programs are developed to further drive improvement in the NABERS targets. The final portfolio target is calculated and publicly committed to in the annual report. The site teams are assessed against these targets as part of their performance reviews.
Financial optimization calculations	NABERS improvement plans As part of the Operational Performance Strategy, every 3 years action plans for improving the operational efficiency performance of each asset are developed by an external consultant. These plans provide a suite of potential projects (with completed cost benefit analysis) that are assessed for inclusion in the forward budgets in the following year. The consultant progressively reviews the implementation of each project to ensure that it meets the requirements to deliver the maximum potential savings.

3.3c

If you do not have any emissions reduction initiatives, please explain why not

4.1

**Have you published information about your company's response to climate change and GHG emissions performance for this reporting year in other places than in your CDP response? If so, please attach the publication(s)**

Publication	Page/Section Reference	Identify the attachment
In annual reports (complete)	Sustainability section (pp22-29)	CPA June 2010 Annual Report
In voluntary communications (complete)	Slide 21	June 2010 Annual results investor presentation
In voluntary communications (complete)	Slide 21	December 2010 Annual results investor presentation

## Attachments

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/110215 CPA Half-year results as at 31 December 2010, Final\\_for ASX.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/110215%20CPA%20Half-year%20results%20as%20at%2031%20December%202010,%20Final_for%20ASX.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/CPA June 2010 Annual Report\\_FINAL.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/CPA%20June%202010%20Annual%20Report_FINAL.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/4.Communication/100817 CPA Annual results presentation 30 June 2010, Final.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/4.Communication/100817%20CPA%20Annual%20results%20presentation%2030%20June%202010,%20Final.pdf)

## Module: Risks and Opportunities [Investor]

### Page: 5. Climate Change Risks

#### 5.1

**Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

Risks driven by changes in regulation

Risks driven by changes in physical climate parameters

Risks driven by changes in other climate-related developments

#### 5.1a

**Please describe your risks driven by changes in regulation**

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
5.1a1	Product efficiency regulations and standards	The BEED Act came into effect in November 2010. All office buildings with an NLA of greater than 2,000sqm must have an energy efficiency rating. There are other regulations such as: National Greenhouse and Energy Reporting Act (2007), and The Energy Efficiency Opportunities Act (2006)	Increased capital cost	Current	Direct	Virtually certain	Low-medium
5.1a2	Carbon taxes	The Australian government is currently proposing to implement carbon pricing	Other: Increased operational costs, and potential for small valuation loss.	Current	Direct	Very likely	Low

**5.1b**

**Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions**

Overall the management team of CPA continues to monitor/and plan ahead of regulatory requirements. We take an active approach to engagement via participation in a broad range of industry associations including: CFSGAM is a signatory to PRI (since 2007), member and deputy chair of the Investor Group on Climate Change (IGCC), board member of the Green Building Council of Australia, respondent to CDP since 2004 and chairman of the Property Council of Australia. In addition, CFSGAM was asked to present to the parliamentary inquiry for the CPRS.

5.1a1

(i) CPA assets are already compliant with the BEED Act and the Fund has participated in reporting to NGER and EEO. The BEED Act requires all owners of leasable office space greater than 2,000 sqm to report the energy efficiency rating of their building. Before taking action, there are several risks for the Fund. To not have a rating on your buildings creates uncertainty in the tenants mind and will likely encourage less demand for our office buildings. This would have negative effect on rents and valuations, the magnitude of which is difficult to estimate, but the probability of loss is very likely. In addition, there are civil penalties of up to \$110,000 for the first day and \$11,000 for each subsequent day may be imposed by a Court for each breach of a disclosure obligation.

(ii) Through its industry associations, and its in-house sustainability team, the manager of CPA continues to monitor and plan ahead of regulatory requirements. CPA's assets were compliant with the BEED Act prior to it being enacted in November 2010. CPA has a comprehensive Operational Performance Strategy (OPS) which provides the framework and defines the programs to be implemented across the commercial office properties to ensure that continual improvement is achieved and performance targets are met. The OPS focuses on a number of key areas which include, design and performance ratings including NABERS, the Asset Efficiency Program (sub-metering, monitoring and analysis of utilities), the development of short and long term performance targets, tenant engagement, the Green Leasing Strategy, and ongoing performance reporting requirements. This high level approach provides the correct guidance for managing the risks associated above.

(iii) The cost to have a NABERS rating assessment is around \$5,000 to \$7,000 per asset, including a mid-year review, where possible we are having each of the assets rated annually. In a fund that reporting net income of \$210 million in 2010, this is a negligible cost. An example of our works to improve efficiency includes motion detection stairwell lighting at 11 Waymouth Street (refer attached). This cost \$21,380 to install, is projected to save 29.2 tonnes of CO2 or \$6,600 per year resulting in a payback of 3.3 years. Another example is installing variable speed drives (VSD) on our air handling units (AHU) at 56 Pitt Street (refer attached). The project cost \$69,028, is projected to save 164,952 kwh or \$26,000 per year.

In terms of managing this (type of risk) going forward we are targeting improvements in our portfolio average NABERS Energy (to 4.5 stars) and Water (to 3.8 stars) ratings by 2012, to ensure that our portfolio remains competitive and that regulatory risks are minimised. To improve the portfolio NABERS ratings, the SAP for each asset outlines a strategy for addressing climate change while working in tandem with each assets capex budget. The costs of sustainability initiatives are either not significant when compared to the remainder of the capex budget, or many initiatives have a relatively short pay-back period.

5.1a2

(i) Given international trends, it is inevitable there will be a price on carbon in the short to medium term. A price on carbon will put upward pressure on electricity prices and waste over short term, some of which will be borne by tenants. There will also be an increase in the cost of building materials, notably concrete and steel. The impact of this is that building outgoings expenses, of which electricity makes up 10 to 20%, will increase and the cost of developing new office buildings will also increase. A secondary impact will be that tenants will have even greater demand for energy efficient buildings. As such, to not address the potential impact of carbon pricing will see our assets become less competitive and suffer weaker demand, rents and values. In addition our development pipeline will suffer higher costs and project feasibilities will reduce. If we do not adapt to a carbon pricing regime we lose a competitive edge, and our portfolio becomes less attractive. The cost of this is difficult to estimate, but is likely to be material to the fund.

(ii) We are addressing this risk in two ways, we have commissioned our internal research department to write a paper on the impacts of carbon pricing in Australia to identify the quantum of impact on our portfolio and we also continue to make our buildings more efficient.

(iii) Our initial modelling shows that the short-term downward impact on property values is likely to be minor (less than 1% of value for a \$25/tonne carbon price). However there could be some delay in the supply pipeline across office markets (which will put upward pressure on rents over the medium term, which is beneficial for owners of existing office buildings). As stated in 5.1a1 we have been on a process over several years of improving our efficiency ratings of our buildings to partially mitigate the impact of carbon pricing and make our properties relatively more attractive. The cost of this process is absorbed in our budgeted capex for each asset.

## 5.1c

**Please describe your risks that are driven by change in physical climate parameters**

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
5.1c1	Change in temperature extremes	Changes to extremes in temperatures is likely to put excess demand on the HVAC requirements of our assets	Increased operational cost	>10 years	Direct	Likely	Medium
5.1c2	Uncertainty of physical risks	Increased frequency and intensity of severe weather (droughts, flooding, hail storms, prolonged extreme heat and cold) could result in physical damage to CPA owned assets or the ability of the buildings to provide	Other: Several impacts including: increased insurance costs, potential disruption to	1-5 years	Direct	Very likely	Medium

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		adequate levels of tenant comfort. Other factors include the security of water and electricity supply during extreme weather conditions.	business, reduction in productive capacity				
5.1c3	Induced changes in natural resources	Predicted changes in regional precipitation patterns due to climate change can lead to increased levels of water restrictions and higher water supply costs. These increased operating costs unless able to be passed onto tenants, affect the profitability of the assets and value.	Increased operational cost	1-5 years	Direct	Virtually certain	Low-medium

#### 5.1d

**Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; and (iii) the costs associated with these actions**

5.1c1 (i) Prior to taking action, HVAC systems will be required to work harder. The potential financial implications are as follows: electricity costs (peak load in the heat of the day, or for warming in extreme cold); HVAC Systems could deteriorate quicker given additional spiking in load, leading to shorter life spans and greater expense to replace over the longer term. For example, take a \$500,000 HVAC system, if it had a working life of 25 years that would amortise (if straight lined) at \$20,000 per year. If climate change increases the frequency of extremes in weather conditions, and the excess strain on the HVAC system causes the working life to reduce to 15 years, then this would increase the expense (amortisation) of the HVAC to (\$500k / 15years) \$33,333 per annum, which would translate to excess expense of almost \$390,000 (\$33k-\$20k=\$13k x 29 assets) over a portfolio of 29 assets if this were to happen at all assets. (ii) We are using several methods to manage this risk: reducing other uses of electricity so we have lower peak use of electricity; replacing older HVAC units with newer and more efficient units; developing or acquiring assets to a higher environmental standard so that they are able to withstand greater temperature extremes. Across our portfolio our capital expenditure requirements are restated annually, updated every six months, and monitored monthly to ensure that we continue to monitor the performance of our HVAC systems. At 201 Kent Street, Sydney we replaced 3 older chillers with one more efficient chiller and at 56 Pitt Street we installed a variable speed drive on an AHU, both of these initiatives were undertaken to reduce overall and peak load electricity consumption (iii) Installing variable speed drives (VSD) on our air handling units (AHU) at 56 Pitt Street (refer attached). The project cost \$69,028, is projected to save 164,952 kwh or \$26,000 per year. Another example is replacing 3 aging chillers with 1 new efficient chiller (power pax) at 201 Kent Street. The cost of this project was \$510,000, translating into a saving of around \$30,000 in electricity (and 200 tonnes) of CO2 per year.

5.1c2 (i) Prior to taking action, CPA could be exposed to greater property damage and higher insurance costs. (ii) This risk can be addressed by strictly monitoring and improving your insurance cover, to ensure that you are covered for increased physical risks due to climate change. To address these risks we have quarterly risk management meetings between the operational teams, risk and compliance personnel, external risk management advisers to address our approach to risks at our assets (including physical risks) and the appropriateness of our insurance coverage. For new developments we comply with environmental planning laws regarding the location and design of our assets appropriate to the environmental risks prevalent. For newly acquired assets we undertake a review of the sustainability credentials of the new assets (refer to the attached). An example of how we monitor the appropriateness of our insurance was to undertake a review

after the Queensland floods in January 2011 of all of our insurance policies to ensure that our level of cover is appropriate (and it is). (iii) During 2010, while there were a number of extreme weather events globally we experienced no material increase in insurance costs, however there is the expectation that insurers will want to recuperate their losses through increased premiums. As a conservative measure we have a budget of a 25% increase in insurance premiums for next year (given that Australia has experienced severe flooding during early 2011). For the development of new assets we require our assets to have a 5 star NABERS Energy, 5 star NABERS water and 5 star Green star rating in order to mitigate the potential physical risks. The cost to have these 5 star ratings varies across projects but a rule of thumb is around 5% average additional cost to secure these virtually essential ratings for new buildings. 5.1c3 (i) Prior to taking action this risk could result in greater water scarcity and as a result higher costs of water use. (ii) Increasing water scarcity can be addressed by minimising our water consumption. We continue to reduce water consumption of our assets to prepare for times of water scarcity (and offset the impact of rising water costs). We have targeted increases in the average NABERS water rating across our portfolio, and this has driven a number of initiatives at the asset level including: replacing sprinkler systems at 34 George Street, Burwood (refer attached), installing a waterless wok at a retailer in 385 Bourke Street, Melbourne and undertaking water audits at all our Sydney Assets (refer attached). (iii) Some examples of reductions in water use include: Replacing an old sprinkler system at 34 George Street. This project cost \$5,500 and is projected to save \$4,804 (or over 1,500kL of water) per annum. At 385 Bourke Street (refer attached), we have retrofitted a waterless wok at an Asian food retailer on the ground floor. This cost \$20,280 and will save \$12,865 (or almost 4,000 kL of water) per annum. In addition, we undertook water consumption audits at all Sydney sites. This audit cost \$26,800 and resulted in some rectification of minor items and recommendations from some short to medium term initiatives to be introduced into each assets budget capex forecasts. The Fund was awarded an excellent rating in the Sydney Water rating scheme (One2Five) of 5 stars.

5.1e

Please describe your risks that are driven by changes in other climate-related developments

ID	Risk driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
5.1e1	Reputation	Management of reputational risks is becoming increasingly critical as increased focus on climate change issues. In addition, several large European pension funds are using sustainability as a key criterion when selecting property investments; a trend which is becoming increasingly pertinent to investment funds (particularly pension funds that have a particular interest/ responsibility in long-term investment) across the world.	Reduced stock price (market valuation)	Current	Direct	Likely	Medium-high

5.1f

Please describe (i) the potential financial implications of the risk before taking action; (ii) the methods you are using to manage this risk; (iii) the costs associated with these actions

5.1e1 (i) the implications for not addressing climate change from a reputational perspective are considerable and could impact financially through a decrease in the Fund's share price or through increases in the cost of debt. At this point in time, only a small minority of investors are focused on our approach to sustainability, but there are a few large investors who are now showing signs of becoming more active in their investigations into these risks. A poor reputation can lead to a lack of investor confidence, put downward pressure on the share price, and make it difficult (and costly) to raise debt and equity which is a normal part of managing a listed property trust. This would mean that we would lose a competitive edge and would have reduced number of opportunities for investment (which is material but difficult to quantify in terms of the impact on the growth of the fund) as well as some indirect impacts such as rising cost of debt (through low investor confidence), the inability to keep good staff damaging the Funds potential performance going forward. (ii) We address this risk, by improving the efficiency of our assets, by reporting on our achievements that are recognised in international surveys and then reporting this information regularly to our investors. To manage our reputation risk in addition to undertaking to improve the efficiency of our portfolio, we continue to report (to our debt and equity investors) on our achievements through reporting to FTSE4Good (since 2005), DJSI (since 2003), Australian SAM Index (since 2005), EREI (now GRESB since 2009) and CDP since 2006. We also do voluntary investor surveys through researchers such as Innovest, Sustainalytics and investor and broker (Citi-Group and others) PRI questionnaires. We report on sustainability every six months as part of our statutory reporting including a full review of our sustainability achievements (and review of commitments) in our annual report. In addition we also hold regular one on one meetings with sell side analysts and buy-side institutional investors (both domestic and international). Attached is a copy of a PRI survey from an investor that we responded to this year. (iii) the cost of mitigating our reputation risk is in the form of three additional professional sustainability personnel across the entire CFSGAM suite of property funds, but also additional working hours of other staff in the business to report on our sustainability achievements as well as a number of consultancy firms used for advisory and consulting. The additional human capital the cost is estimated at around \$450,000 per year across the CFSGAM suite of Funds. In terms of our debt costs, if our reputation was damaged by our poor sustainability credentials to the extent of downgrade in our debt ratings (which could potentially happen in future years as debt rating agencies start to introduce sustainability as a meaningful risk to companies debt covenants) the impact of a downgrade in CPA's debt rating by one notch could cost the company in the order of 25 to 30 basis points of additional debt cost.

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5.1g

Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

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5.1h

Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

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5.1i

Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

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## Attachments

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/110117 Investor response PRI survey CPA.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/110117%20Investor%20response%20PRI%20survey%20CPA.pdf)  
[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case Study Water Efficiency Audits.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case%20Study%20Water%20Efficiency%20Audits.pdf)  
[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/11 Waymouth Case study motion detection.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/11%20Waymouth%20Case%20study%20motion%20detection.pdf)  
[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case Study Burwood Irrigation System.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case%20Study%20Burwood%20Irrigation%20System.pdf)  
[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case Study 56 Pitt St VSD's on AHUs.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case%20Study%2056%20Pitt%20St%20VSD's%20on%20AHUs.pdf)  
[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/CFS - Sustainability EvaluationForm - Media House 655 Collins Street Docklands VIC.docx](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/CFS%20-%20Sustainability%20EvaluationForm%20-%20Media%20House%20655%20Collins%20Street%20Docklands%20VIC.docx)  
[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case Study Waterless Wok 385 Bourke.pdf.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/5.ClimateChangeRisks/Case%20Study%20Waterless%20Wok%20385%20Bourke.pdf.pdf)

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## Page: 6. Climate Change Opportunities

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### 6.1

**Have you identified any climate change opportunities (current or future) that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply**

Opportunities driven by changes in regulation  
Opportunities driven by changes in physical climate parameters  
Opportunities driven by changes in other climate-related developments

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### 6.1a

**Please describe your opportunities that are driven by changes in regulation**

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/Indirect	Likelihood	Magnitude of impact
6.1a1	Product efficiency regulations and standards	The BEED Act came into effect in November 2010. All office buildings with an NLA of greater than 2,000sqm must have an energy efficiency rating. There are other regulations such as: National Greenhouse and Energy Reporting Act (2007), and The Energy Efficiency Opportunities Act (2006)	Other: By complying with reporting regulations, this forces investment in emission reduction technologies, energy efficiency, and management improvement schemes, which then lead to multiple benefits, lower operating costs, higher demand for our buildings, lower vacancy rates, higher rents and stronger valuations	Current	Direct	Virtually certain	Low-medium
6.1a2	Carbon taxes	The Australian government is currently proposing to implement carbon pricing. The introduction of the pricing and associated legislation will remove the uncertainty around this legislation and allow businesses to adapt and move forward with more certainty.	Other: Potential to maintain valuations through having efficient buildings, potentially stronger demand for lettable space too.	1-5 years	Direct	Very likely	Low

**6.1b**

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

6.1a1 and 6.1a2 (i) The financial implications for each of the regulatory opportunities are similar. Regulation targeted towards emissions reporting, national emissions reductions, putting a price on carbon or more restrictive/ costly development conditions are all targeted at increasing the efficiency of office buildings (as it relates to CPA). To make our buildings more efficient (than our peers) there will be many opportunities. There will be greater demand by tenants to lease our assets, with lower operating costs. This will result in lower vacancy rates, and stronger rental growth; hence the assets will have lower risk and higher valuations. This in turn could lead to a higher share price for CPA, lower cost of debt and equity and give CPA a competitive advantage. As an example, in FY 2010, the Fund's average vacancy rate was 5%, if we were able to reduce our vacancy rate by 1% this would result in a \$3.8 million increase in gross property income. (ii) The portfolio is compliant with the BEED Act and other mandatory requirements. The methods to manage the opportunities in 6.1a1 and 6.1a2 are also similar. It is about making your portfolio as efficient as possible. We have NABERS (Energy and Water) ratings across all of our assets and have a target to increase the portfolio average by 2012, this encourages (if not demands) the manager implement measures to improve the efficiency of our assets, and reduce carbon emissions. We spent \$3.2 million at 385 Bourke Street obtaining NABERS ratings and implementing a number of initiatives (refer attached). 6.1a1 (iii) To gain a NABERS rating each year costs around \$5,000 to \$7,000 per asset, but this is insignificant if we are viewed more favourably against our peers and manage to achieve a lower vacancy rate

(noting that 1% decrease in vacancy translates in \$3.8 million increase in gross income. 6.1a2 (iii) An example of the cost to upgrade the NABERS Energy ratings is \$3.2 million spent at 385 Bourke Street. This includes life cycle replacement items and efficiency gains. The savings are expected to include around \$467,000 on energy costs (5,082 tonnes of CO2) per annum, translating into a 6.8 year payback. This initiative resulted in the NABERS Energy rating of 385 Bourke Street improving from 0 to 3.5 stars.

## 6.1c

**Please describe the opportunities that are driven by changes in physical climate parameters**

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
6.1c1	Change in temperature extremes	Changes in extremes of temperature is likely to put excess demand on the HVAC requirements. There is an advantage to having more efficient buildings and newer HVAC and chillers	Reduced operational costs	>10 years	Direct	Likely	Medium
6.1c2	Other physical climate drivers	Increased frequency and intensity of severe weather (droughts, flooding, hail storms, prolonged extreme heat) could result in physical damage to CPA owned assets or the ability of the buildings to provide adequate levels of tenant comfort. The opportunity is to have efficient assets with greater security of water and energy and which attract lower insurance premiums.	Other: Potential lower insurance costs, less disruption to business and higher productive capacity	>10 years	Direct	Likely	Medium
6.1c3	Induced changes in natural resources	Predicted changes in regional precipitation patterns due to climate change can lead to increased levels of water restrictions and higher associated energy and water supply costs. Having a lower dependency on natural resources leaves the Fund less vulnerable to periods of scarcity.	Reduced operational costs	1-5 years	Direct	Virtually certain	Low-medium

## 6.1d

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

6.1c1, 6.1c2 and 6.1c3 (i) Similar to the regulatory risks, the financial opportunities of the physical risks come from improving the utility efficiency ratings of CPA assets relative to the general market. We anticipate that we will remain attractive to a wide range of tenants and with higher levels of demand, benefit financially

through higher rent levels, higher retention rates and lower overall vacancy levels. [6.1c1] Having more efficient buildings and better HVAC will lower our electricity costs, at 56 Pitt street (refer attached) we installing a variable speed drive saved \$26,000 energy cost per year, while a new chiller at 201 Kent street resulted in around \$30,000 per year of energy cost savings. [6.1c2] Having more efficient buildings with better environmental and risk management practises will make our insurance premiums lower. [6.1c3] Using less water in our assets will both save costs and minimise our reliance on water which may go through periods of scarcity. At 385 Bourke Street (refer attached), we have retrofitted a waterless wok at an Asian food retailer resulting in \$12,865 water cost savings per annum. To provide perspective, a 1% decrease in the portfolios vacancy level equates to approximately \$3.8 million of gross rental income to the Fund. Through improving the operational efficiency of CPA assets, we will also manage operating costs and as a consequence, improve the net income returns to the Fund. 6.1c1 (ii) This opportunity can be managed by having more efficient buildings and by installing new HVAC and chiller equipment. Across the CPA portfolio (as outlined earlier) we have targets for improving our portfolio average NABERS (Energy and Water) ratings. We are also replacing some HVAC equipment. This year HVAC equipment was replaced at 56 Pitt Street (refer attached) and 201 Kent Street. (iii) A new AC unit at 56 Pit Street cost \$69,028, while a replacement chiller at 201 Kent Street cost \$510,000. 6.1c2 (ii) The opportunity here is to have more rigorous risk management processes and more efficient buildings to minimise insurance premiums whilst maintaining an appropriately high level of cover. For CPA addressing this opportunity means making our assets more efficient (as stated earlier we have target NABERS (Energy and Water) ratings and also a strategy on how to achieve these ratings, while also having in place a rigorous risk management framework, and ultimately negotiating competitive insurance premiums. We have quarterly risk management meetings between the operational teams, risk and compliance personnel, external risk management advisers to address our approach to risks at our assets (including physical risks) and the appropriateness of our insurance coverage. For new developments we comply with environmental planning laws regarding the location and design of our assets appropriate to the environmental risks prevalent. An example of how we monitor the appropriateness of our insurance was to undertake a review after the Queensland floods in January 2011 of all of our insurance policies to ensure that our level of cover is appropriate (and it is). The success of this process has resulted in insurance premium rates across the CFSGAM portfolio of properties not increasing between 2010 and 2011. (iii) The cost of keeping our processes rigorous involves the employment of risk management advisers for a fee of \$315,000 per year (across all properties owned by CFSGAM). The cost of our insurance per annum is approximately \$7.9 million across all properties owned by CFSGAM, which we forecast to increase by 25% next year. If our rigorous risk management can save 5% off the growth in the premiums this would translate in savings of \$0.4 million across the CFSGAM portfolio of assets. This is a very difficult figure to estimate and is highly theoretical but this example represents the potential benefit we could obtain. 6.1c3 (ii) The opportunity here is to minimise water use at our assets. Across the CPA portfolio we have water management plans at each of our assets which outlines a number of initiatives that can be undertaken to reduce water use, which work in tandem with working towards our NABERS Water rating target for 2012 This year we have replaced a sprinkler system at 34 George Street, Burwood (refer attached), installed a waterless wok at a retailer at 385 Bourke Street (refer attached), Melbourne and replaced the toilet flushing sensors at 2 Southbank Boulevard, Melbourne (refer attached). (iii) The costs vary significantly for undertaking various water saving initiatives, many of which have a short payback period. Replacing an old sprinkler system at 34 George Street, Burwood cost \$5,500 (and is projected to save \$4,804 per annum). Retrofitting a waterless wok at an Asian food retailer at 385 Bourke Street, Melbourne cost \$20,280 (and will save \$12,865 per annum). Improvement of the sensors at 2 Southbank Boulevard, Melbourne cost \$2,500 (for a saving of \$81,000 per annum).

## 6.1e

Please describe the opportunities that are driven by changes in other climate-related developments

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
6.1e1	Reputation	Management of reputational opportunities is becoming increasingly critical as increased focus on climate change issues. In addition, several large European pension funds are using sustainability as a	Increased stock price (market	1-5 years	Direct	Likely	Medium-high

ID	Opportunity driver	Description	Potential impact	Timeframe	Direct/ Indirect	Likelihood	Magnitude of impact
		key criterion when selecting property investments; a trend which is becoming increasingly pertinent to investment funds (particularly pension funds that have a particular interest/ responsibility in long-term investment) across the world.	valuation)				

#### 6.1f

**Please describe (i) the potential financial implications of the opportunity; (ii) the methods you are using to manage this opportunity; (iii) the costs associated with these actions**

6.1e1 (i) The implications for addressing climate change from a reputational perspective are considerable and could potentially lead to a higher share price (lower cost of equity) and a lower cost of debt . At this point in time, only a small majority of investors are focused on our approach to sustainability, but there are a few large investors who are now showing signs of becoming more active in their investigations into these risks. A strong reputation can lead to greater investor confidence, put upward pressure on the share price, and make it easier (and cheaper) to raise equity which is a normal part of managing a listed property trust. This would mean that we would gain a competitive edge and would have an increased number of opportunities for investment as well as some indirect impacts such as lower cost of debt (through higher confidence), a greater ability to keep good staff improving the Funds potential performance going forward. While many of these opportunities are difficult to quantify a couple of opportunities are quantifiable. An impeccable record on sustainability could translate into an improvement in debt rating CPA could be entitled to a 15 to 20 basis points improvement in debt costs. Similarly, a higher share price would results in the cost of equity becoming cheaper too, but this is difficult to quantify. (ii) we continue to report on our achievements through reporting to FTSE4Good (since 2005), DJSI (since 2003), Australian SAM Index (since 2005), EREI (now GRESB since 2009) and CDP since 2006. We also do voluntary investor surveys through researchers such as Innovest, Sustainalytics and investor and brokers PRI questionnaires. We report to our debt and equity investors on sustainability, every six months as part of our statutory reporting including a full review of our sustainability achievements (and review of commitments) in our annual report. In addition we also hold regular one on one meetings with sell side analysts and buy-side institutional investors (both domestic and international). Attached is a copy of a PRI survey from an investor that we responded to this year. (iii) the cost this opportunity is in the form human capital, comprising: three additional professional sustainability personnel across the entire CFSGAM suite of property funds, the additional working hours of other staff in the business to report on our sustainability achievements as well as a number of consultancy firms used for advisory and consulting. The additional human capital the cost is estimated at around \$450,000 per year across the CFSGAM suite of Funds.

#### 6.1g

**Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure**

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6.1h

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

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6.1i

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

---

#### Attachments

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case Study Waterless Wok 385 Bourke.pdf.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case%20Study%20Waterless%20Wok%20385%20Bourke.pdf.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/110117 Investor response PRI survey CPA.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/110117%20Investor%20response%20PRI%20survey%20CPA.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case study Flushing System Freshwater Mar2010.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case%20study%20Flushing%20System%20Freshwater%20Mar2010.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case Study Burwood Irrigation System.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case%20Study%20Burwood%20Irrigation%20System.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case Study 385 Bourke St NABERS Stage 2.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case%20Study%20385%20Bourke%20St%20NABERS%20Stage%202.pdf)

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case Study 56 Pitt St VSD's on AHUs.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/6.ClimateChangeOpportunities/Case%20Study%2056%20Pitt%20St%20VSD's%20on%20AHUs.pdf)

**Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading [Investor]**

**Page: 7. Emissions Methodology**

---

7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

Base year	Scope 1 Base year emissions (metric tonnes CO2e)	Scope 2 Base year emissions (metric tonnes CO2e)
Sun 01 Jan 2006 - Sun 31 Dec 2006	2392	66260

## 7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Australia - National Greenhouse and Energy Reporting Act
ISO 14064-1
Other

## 7.2a

If you have selected "Other", please provide details below

Australia: National Greenhouse Accounts - June 2009  
Australia: National Greenhouse Accounts - June 2010

## 7.3

Please give the source for the global warming potentials you have used

Gas	Reference
-----	-----------

Gas	Reference
CO2	IPCC Second Assessment Report (SAR - 100 year)
CH4	IPCC Second Assessment Report (SAR - 100 year)
N2O	IPCC Second Assessment Report (SAR - 100 year)
HFCs	IPCC Second Assessment Report (SAR - 100 year)

#### 7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data

Fuel/Material/Energy	Emission Factor	Unit	Reference
Other: See attached spreadsheet			

#### Further Information

Answer to 7.4 attached

#### Attachments

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/7.EmissionsMethodology/CDP Q7.4 Emissions Factors.xlsx](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/7.EmissionsMethodology/CDP%20Q7.4%20Emissions%20Factors.xlsx)

**Page: 8. Emissions Data - (1 Jan 2010 - 31 Dec 2010)**

#### 8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Equity share

---

8.2a

Please provide your gross global Scope 1 emissions figure in metric tonnes CO2e

3594

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8.2b

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 breakdown

Boundary	Gross global Scope 1 emissions (metric tonnes CO2e)	Comment
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8.2c

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 1 Total

Gross global Scope 1 emissions (metric tonnes CO2e) - Total Part 1	Comment
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8.2d

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e - Part 2

Gross global Scope 1 emissions (metric tonnes CO2e) - Other operationally controlled entities, activities or facilities	Comment
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---

8.3a

Please provide your gross global Scope 2 emissions figure in metric tonnes CO2e

50025

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8.3b

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 breakdown

Boundary	Gross global Scope 2 emissions (metric tonnes CO2e)	Comment
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8.3c

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 1 Total

Gross global Scope 2 emissions (metric tonnes CO2e) - Total Part 1	Comment
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8.3d

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e - Part 2

Gross global Scope 2 emissions (metric tonnes CO2e) - Other operationally controlled entities, activities or facilities	Comment
---	---------

---

8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

---

8.4a

Please complete the table

Reporting Entity	Source	Scope	Explain why the source is excluded
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8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions which are not included in your disclosure?

No

8.4a

Please complete the table

Source	Scope	Explain why the source is excluded
--------	-------	------------------------------------

8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and Scope 2 figures that you have supplied and specify the sources of uncertainty in your data gathering, handling, and calculations

Scope	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
Scope 1	More than 5% but less than or equal to 10%	Assumptions Extrapolation Metering/ Measurement Constraints Published Emissions Factors	CFSGAM uses the uncertainty methodology provided in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 as amended (the Determination) to achieve 95% confidence in emissions data. CFSGAM has data collection processes for all sources of emissions; therefore, the uncertainty from the sources identified is minimal. The methodology uses default uncertainty factors for published emissions factors (in the Determination) and additional factors for activity data, how the data is derived and energy content factors. CFSGAM primarily acquires invoice based data and metering. Both methods are reliable data sources, with risks of uncertainty minimised by meter maintenance and effective data management software, CarbonScopeTM. Invoice based consumption data is uploaded into CarbonScopeTM. CarbonScopeTM uses costs, tariffs and consumption periods to allow multiple data verification parameters. Data gaps in both systems are easily identified and rectified, either with actual data or by extrapolating existing data based on historic data and estimations. Data is captured for invoiced

Scope	Uncertainty Range	Main sources of uncertainty	Please expand on the uncertainty in your data
			energy sources and therefore extrapolation is only ever conducted to fill data gaps, not to estimate complete emission sources. Invoice data for major sources is supplemented with data for refrigerants derived from air conditioning charge estimates. This is the largest source of uncertainty, and CFSGAM is considering options for improving data collection methods to reduce uncertainty. Metering and measurement constraints under the responsibility of third parties (e.g. suppliers who provide invoice based data) and published emission factors are outside of CFSGAM's control. These sources of uncertainty are minimal as they represent the best available information and are constantly being monitored and updated.
Scope 2	Less than or equal to 2%	Extrapolation Metering/ Measurement Constraints Data Management	Scope 2 emissions are due entirely to purchased electricity and is captured from invoices. CFSGAM has only minimal risks of uncertainty in its data, relating to data management, including the uploading of invoice based data into CarbonScope™ and management of data gaps. These sources provide minimal risk of uncertainty as CarbonScope™ has mechanisms to validate data and identify and manage data gaps. Where data gaps are identified in either system, these are rectified based on actual data or use of historic data and estimates. Data gaps are never left unrectified. Although the NGER Scheme does not provide uncertainty factors for scope 2 emissions, the NGER uncertainty methodology was used to calculate scope 2 uncertainty for electricity data. Nearly all the CFSGAM electricity data is sourced from invoices. Minor uncertainties are inherent in the metered consumption invoiced by electricity retailers. The National Electricity Market (NEM) Rules relating to metering require meters to have an overall error of not more than $\pm 1.5\%$ (NEM Rules, Version 34, Schedule 7.2.2), therefore, this figure was applied to the percentage of data sourced from invoices. In addition, a 2% uncertainty was applied to the usage figures, to encapsulate uncertainties relating to extrapolation and data management.

## 8.6

### Please indicate the verification/assurance status that applies to your Scope 1 emissions

Verification or assurance complete

## 8.6a

### Please indicate the proportion of your Scope 1 emissions that are verified/assured

More than 90% but less than or equal to 100%

## 8.6b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Relevant statement attached
Limited assurance	Other: ASEA 3000	Yes it is attached - see Further Information below

8.7

Please indicate the verification/assurance status that applies to your Scope 2 emissions

Verification or assurance complete

8.7a

Please indicate the proportion of your Scope 2 emissions that are verified/assured

More than 90% but less than or equal to 100%

8.7b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Relevant statement attached
Limited assurance	Other: ASEA 3000	Yes it is attached - see Further Information below

8.8

Are carbon dioxide emissions from the combustion of biologically sequestered carbon (i.e. carbon dioxide emissions from burning biomass/biofuels) relevant to your company?

No

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8.8a

Please provide the emissions in metric tonnes CO<sub>2</sub>e

---

**Further Information**

Referring to the answer to 8.2a in this years response, please note that our data collection processes have significantly improved over the course of this reporting period. We now include refrigerants in scope 1, where in previous years this was not part of the data collection process.

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**Attachments**

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/8.EmissionsData\(1Jan2010-31Dec2010\)/CFSGAM Assurance 2010.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/8.EmissionsData(1Jan2010-31Dec2010)/CFSGAM%20Assurance%202010.pdf)

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**Page: 9. Scope 1 Emissions Breakdown - (1 Jan 2010 - 31 Dec 2010)**

---

9.1

Do you have Scope 1 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

---

9.1a

Please complete the table below

Country	Scope 1 metric tonnes CO <sub>2</sub> e
Other: Region: NSW	2014
Other: Region: ACT	510

Country	Scope 1 metric tonnes CO2e
Other: Region: Vic	409
Other: Region: SA	611
Other: Region: WA	50

## 9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By facility

By GHG type

### 9.2a

Please break down your total gross global Scope 1 emissions by business division

Business Division	Scope 1 metric tonnes CO2e
-------------------	----------------------------

### 9.2b

Please break down your total gross global Scope 1 emissions by facility

Facility	Scope 1 metric tonnes CO2e
56 Pitt Street Sydney NSW	43
385 Bourke Street Melbourne VIC	199
197 St Georges Terrace Perth (Common)	36
5 Mill Street Perth WA (Common)	7
1 Mill Street Perth WA (Common)	0
100 King William Street Adelaide SA	0
Finlay Crisp Building 1 Nara C (Common)	128

Facility	Scope 1 metric tonnes CO2e
Finlay Crisp Building 2 Custom (Common)	237
Finlay Crisp Building 3 Allara (Common)	145
300 Queen Street Brisbane QLD (Common)	0
45 Pirie Street Adelaide SA (Common)	85
14-16 Parliament Place West Pe (Common)	0
NRMA Hse 42-46 Colin Street We (Common)	7
Phillips Oil Hse 53 Ord Street (Common)	0
10 Shelley Street	78
Freshwater Place 2 Southbank B (Common)	200
101 George Street Parramatta NSW	8
11 Waymouth Street Adelaide SA (Common)	277
10 Dawn Fraser Ave Olympic Park NSW	0
108 North Terrace Adelaide SA (Common)	249
201 Miller Street North Sydney NSW	87
120 Pitt Street Sydney NSW (Common)	35
14-18 Lee Street Sydney NSW	52
150 George Street Parramatta NSW	96
175 Pitt Street Sydney NSW (Common)	251
259 George Street Sydney NSW	792
Maritime Towers 201 Kent Street Sydney NSW	76
60 Castlereagh Street Sydney NSW	119
Grosvenor Place	378
34-46 George Street Burwood NS (Common)	1
Alluvion	0
Media House - MSB 1 655 Collins Street	0
AXA	9
QV Building	0

9.2c

Please break down your total gross global Scope 1 emissions by GHG type

GHG type	Scope 1 metric tonnes CO2e
CO2	1868
CH4	4
N2O	1
HFCs	1721

9.2d

Please break down your total gross global Scope 1 emissions by activity

Activity	Scope 1 metric tonnes CO2e
----------	----------------------------

**Page: 10. Scope 2 Emissions Breakdown - (1 Jan 2010 - 31 Dec 2010)**

10.1

Do you have Scope 2 emissions sources in more than one country or region (if covered by emissions regulation at a regional level)?

Yes

10.1a

Please complete the table below

Country	Scope 2 metric tonnes CO2e
Other: Region: NSW	29784
Other: Region: ACT	2161
Other: Region: Vic	10025
Other: Region: SA	3414
Other: Region: WA	4641

---

**10.2**

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By facility

---

**10.2a**

Please break down your total gross global Scope 2 emissions by business division

Business division	Scope 2 metric tonnes CO2e
-------------------	----------------------------

---

**10.2b**

Please break down your total gross global Scope 2 emissions by facility

Facility	Scope 2 metric tonnes CO2e
56 Pitt Street Sydney NSW	1875
385 Bourke Street Melbourne VIC	7417
197 St Georges Terrace Perth (Common)	1893
5 Mill Street Perth WA (Common)	570
1 Mill Street Perth WA (Common)	537
100 King William Street Adelaide SA	0
Finlay Crisp Building 1 Nara C (Common)	474
Finlay Crisp Building 2 Custom (Common)	1021
Finlay Crisp Building 3 Allara (Common)	666
45 Pirie Street Adelaide SA (Common)	1215
14-16 Parliament Place West Pe (Common)	17
NRMA Hse 42-46 Colin Street We (Common)	1166
Phillips Oil Hse 53 Ord Street (Common)	0
10 Shelley Street	1010
Freshwater Place 2 Southbank B (Common)	2351

Facility	Scope 2 metric tonnes CO2e
101 George Street Parramatta NSW	1552
11 Waymouth Street Adelaide SA (Common)	956
10 Dawn Fraser Ave Olympic Park NSW	0
108 North Terrace Adelaide SA (Common)	1242
201 Miller Street North Sydney NSW	1562
120 Pitt Street Sydney NSW (Common)	2924
14-18 Lee Street Sydney NSW	3026
150 George Street Parramatta NSW	2307
175 Pitt Street Sydney NSW (Common)	1196
259 George Street Sydney NSW	6285
Maritime Towers 201 Kent Street Sydney NSW	810
60 Castlereagh Street Sydney NSW	3099
Grosvenor Place	2574
34-46 George Street Burwood NS (Common)	1564
Alluvion	458
Media House - MSB 1 655 Collins Street	179
AXA	78
300 Queen Street Brisbane QLD (Common)	0
QV Building	0

## 10.2c

Please break down your total gross global Scope 2 emissions by activity

Activity	Scope 2 metric tonnes CO2e
----------	----------------------------

**Do you consider that the grid average factors used to report Scope 2 emissions in Question 8.3 reflect the contractual arrangements you have with electricity suppliers?**

Yes

---

11.1a

You may report a total contractual Scope 2 figure in response to this question. Please provide your total global contractual Scope 2 GHG emissions figure in metric tonnes CO<sub>2</sub>e

---

11.1b

Explain the basis of the alternative figure (see guidance)

---

11.2

**Has your organization retired any certificates, e.g. Renewable Energy Certificates, associated with zero or low carbon electricity within the reporting year or has this been done on your behalf?**

No

---

11.2a

Please provide details including the number and type of certificates

Type of certificate	Number of certificates	Comments
---------------------	------------------------	----------

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12.1

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

More than 10% but less than or equal to 15%

---

**12.2**

**Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has consumed during the reporting year**

Energy type	MWh
Fuel	9959
Electricity	54055
Heat	0
Steam	0
Cooling	0

---

**12.3**

**Please complete the table by breaking down the total "Fuel" figure entered above by fuel type**

Fuels	MWh
Natural gas	9467
Diesel/Gas oil	491

---

**13.1**

**How do your absolute emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?**

Decreased

13.1a

Please complete the table

Reason	Emissions value (percentage)	Direction of change	Comment
Emissions reduction activities	6.7	Decrease	Since last year, there have been the following changes to the portfolio which would negatively impact on scope 1 and 2 emissions: • Increased pro-rated area within the portfolio – 2010 has seen a 7.9% increase in the area under management. • Additional emissions arising from inclusion of emissions arising from stationary fuel use and refrigerants, which now contributes 3.4% of 2010 scope 1 and 2 emissions. When compared on a like-for-like basis, there has been an 8.8% improvement in performance. Despite increases to the net lettable area and the inclusion of additional energy sources, our results show a 5.6% improvement in greenhouse gas emissions. This is a result of continued focus on energy efficiency, through the following actions: • Setting strategic portfolio targets for building performance under the National Australian Built Environment Rating System (NABERS). • Continued to make considerable investment in energy improvement, both in management practices and improvement in building management control systems. • Improvement works have improved the performance of poor performing buildings

13.2

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
0.261	metric tonnes CO2e	unit total revenue	1.7	Decrease	The emission intensity of CPA is falling primarily due to emissions reductions activities previously or currently undertaken across the commercial office activities.

13.3

Please describe your gross combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
	metric tonnes CO2e	FTE Employee			The use of FTE is an inappropriate indicator to use to determine the emissions performance of CPA. The most appropriate is square metre of net lettable area.

13.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	% change from previous year	Direction of change from previous year	Explanation
99	metric tonnes CO2e	Other: square meter of net lettable area	12.4	Decrease	The emission intensity of CPA is falling primarily due to emissions reductions activities previously or currently undertaken across the commercial office activities. This intensity indicator is considered to be the most practical and relevant performance indicator for the property sector. This indicator demonstrates the energy and carbon efficiency of the individual property or the portfolio of properties.

**Page: 14. Emissions Trading**

14.1

**Do you participate in any emission trading schemes?**

No, but we anticipate doing so in the next two years

14.1a

Please complete the following table for each of the emission trading schemes in which you participate

Scheme name	Period for which data is supplied	Allowances allocated	Allowances purchased	Verified emissions in metric tonnes CO2e	Details of ownership
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**14.1b**

**What is your strategy for complying with the schemes in which you participate or anticipate participating?**

CPA entered into the ESS during 2010. The ESS is a NSW-based mandatory energy efficiency scheme. The ESS works by establishing a market for trade-able Energy Savings Certificates (ESCs) – called “es-keys”. ESCs must be obtained and surrendered by electricity retailers and other parties known as Scheme Participants, who need to meet the newly legislated Energy Efficiency Target.

CPA has applied to become an "Accredited Certificate Provider" (ACP). CPA will comply with the scheme rules in terms of capturing and recording energy savings. As such CPA has created ESC's on its properties in NSW where it makes energy efficiency improvements. These certificates can then be traded in the market, mainly to energy producers who need to satisfy their renewable energy targets.

**14.2**

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

No

**14.2a**

Please complete the following table

Credit origination or credit purchase	Project type	Project identification	Verified to which standard	Number of credits (metric tonnes of CO2e)	Number of credits (metric tonnes CO2e): Risk adjusted volume	Credits retired	Purpose e.g. compliance
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15.1

Please provide data on sources of Scope 3 emissions that are relevant to your organization

Sources of Scope 3 emissions	metric tonnes CO2e	Methodology	If you cannot provide a figure for emissions, please describe them
Fuel- and energy-related activities (not included in Scope 1 or 2)	8929	These emissions relate to indirect emissions of CPA's scope 1 and 2 emissions, being those attributable to the extraction, production and transportation of fuels and for electricity, the electricity lost in the transmission and distribution network. For each fuel type, emissions have been calculated by multiplying the total quantity of fuel/electricity consumed by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors, June 2009 and July 2010. A list of the relevant emissions factors are supplied in the Excel document provided in question 7.4.	
Waste generated in operations	1450	These emissions relate to the indirect emissions associated with the collection of solid waste for disposal in landfill. Emissions have been calculated by multiplying the total quantity of waste consumed by the relevant emissions factor from the Australian National Greenhouse Accounts (NGA) Factors, July 2010. A list of the relevant emissions factors are supplied in the Excel document provided in question 7.4.	

15.2

Please indicate the verification/assurance status that applies to your Scope 3 emissions

Verification or assurance complete

15.2a

Please indicate the proportion of your Scope 3 emissions that are verified/assured

More than 90% but less than or equal to 100%

15.2b

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

Type of verification or assurance	Relevant standard	Relevant statement attached
Limited assurance	ISAE 3000	Yes it is attached - see Further Information below

15.3

How do your absolute Scope 3 emissions for the reporting year compare to the previous year?

Decreased

15.3a

Please complete the table

Reason	Emissions value (percentage)	Direction of Change	Comment
Emissions reduction activities	7.8	Decrease	The decrease in scope 3 emissions is primarily due to the reductions in overall energy use, which has decreased by 6.6%. This is offset by minor increases to the amount of solid waste to landfill.

Attachments

[https://www.cdproject.net/Sites/2011/46/3646/Investor CDP 2011/Shared Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/CFSGAM Assurance 2010.pdf](https://www.cdproject.net/Sites/2011/46/3646/Investor%20CDP%202011/Shared%20Documents/Attachments/InvestorCDP2011/15.Scope3Emissions/CFSGAM%20Assurance%202010.pdf)

Module: Sign Off

Page: Sign Off

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**Please enter the name of the individual that has signed off (approved) the response and their job title**

Charles Moore: Fund Manager of the Commonwealth Property Office Fund.

Rowan Griffin: Head of Sustainability - Property.