

# ESG

trend watch

## International drivers and domestic policy

IR Magazine  
ESG Integration Forum

15 JULY 2021



**Dr. Alex Gold**

Head of ESG  
CEO of BWD North America  
[alex@bwdstrategic.com](mailto:alex@bwdstrategic.com)

**‘Harmonization’** is all the rage

---

**Is ESG harmonization and convergence finally coming?**

**The Path to Harmonization: What's Next for ESG Disclosure?**

Global regulatory body to harmonise ‘plethora’ of ESG standards

**Is harmonization of reporting standards possible or even desirable?**

Harmonising ESG reporting - the search for the Holy Grail

ESG REPORTING

**Non-Financial Reporting Harmonization Is Underway**

# We are seeing an international convergence toward a **corporate reporting system** governed by **double materiality**

## Reporting on enterprise value Illustrated with a prototype climate-related financial disclosure standard

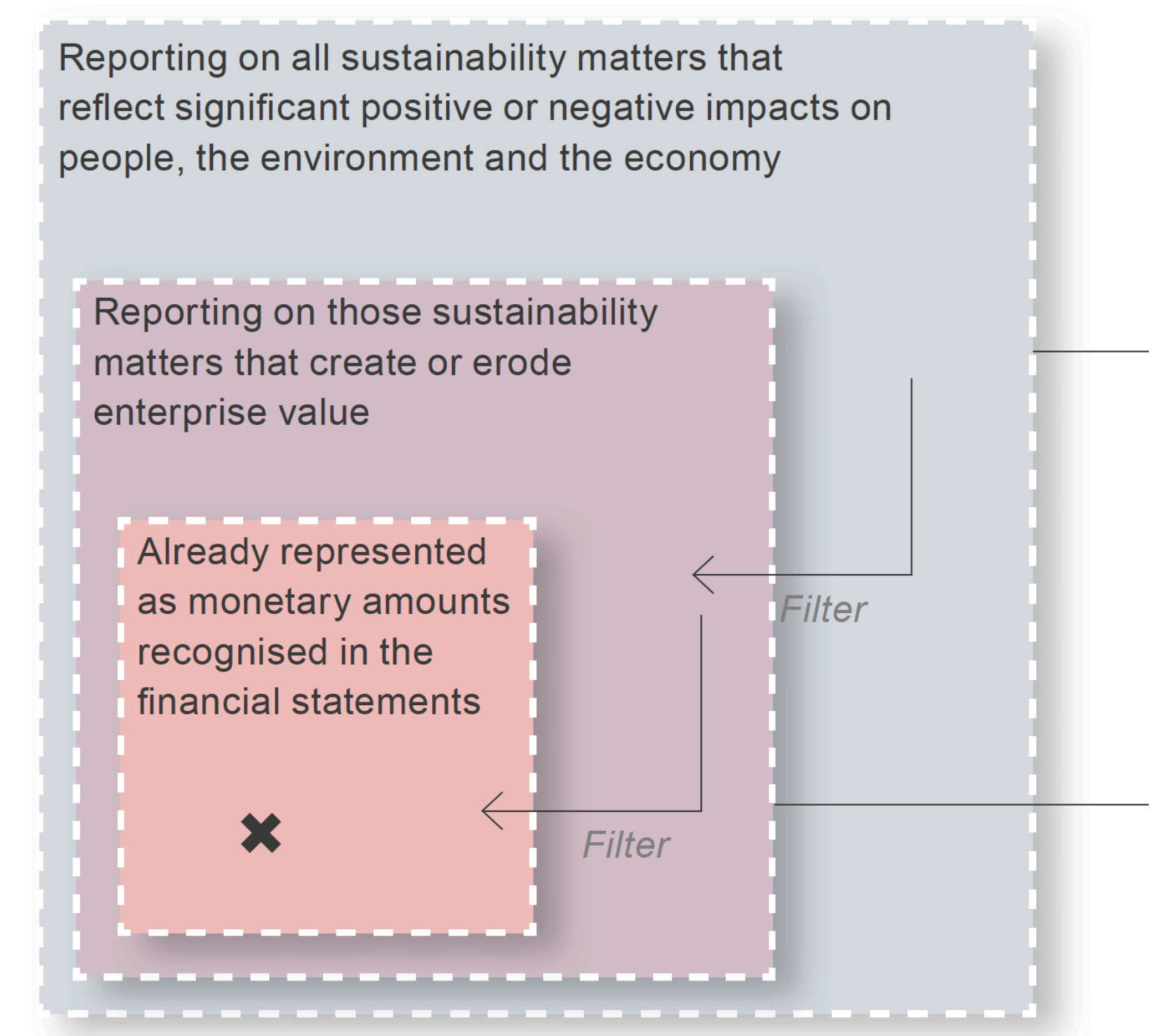
Progress towards a comprehensive corporate reporting system, from leading sustainability and integrated reporting organisations CDP, CDSB, GRI, IIRC and SASB

Facilitated by the Impact Management Project, World Economic Forum and Deloitte

December 2020



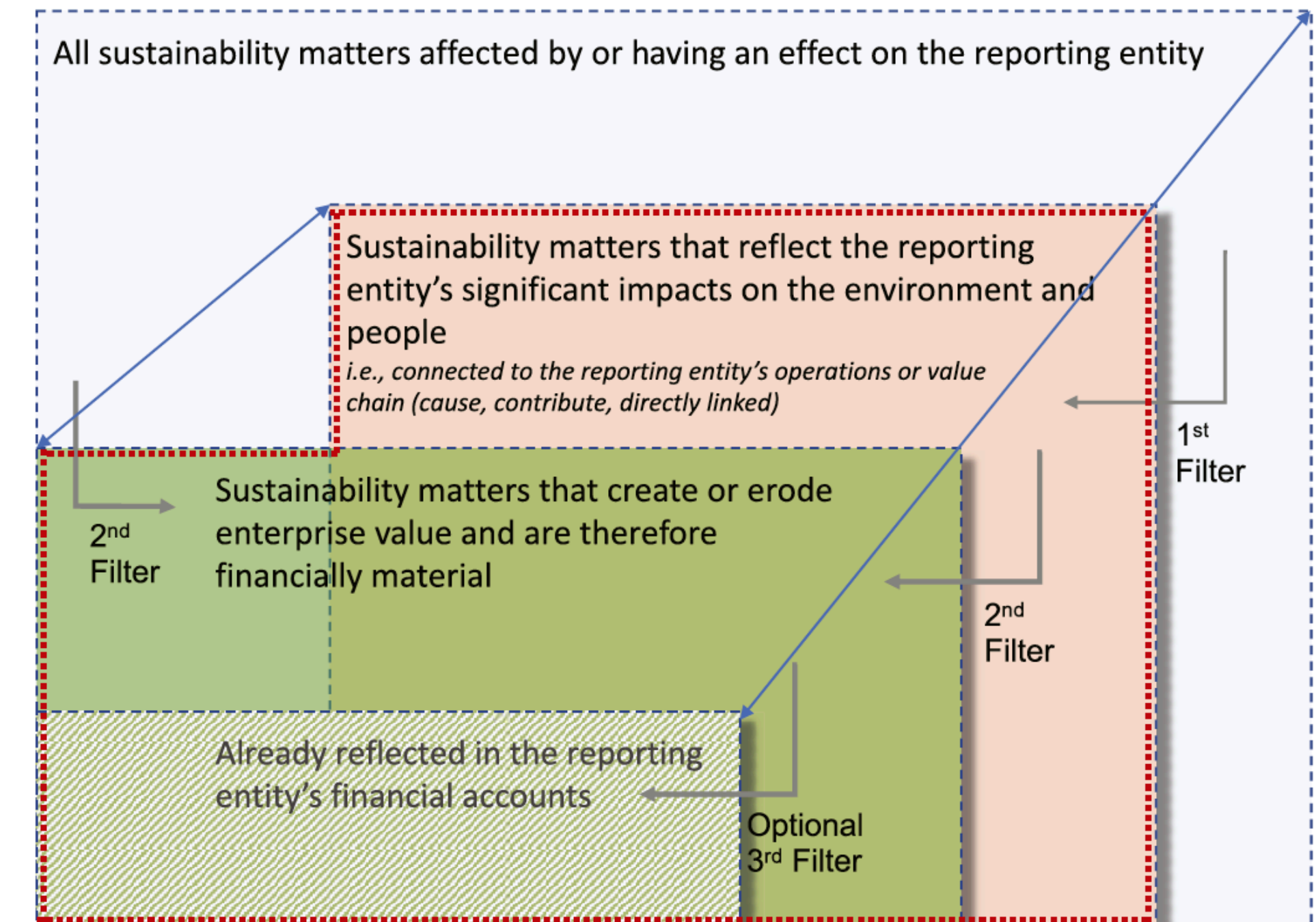
Figure 1. Comprehensive corporate reporting





We are seeing an international convergence toward a **corporate reporting system** governed by **double materiality**

Figure 5: Illustration of materiality determination process



FINAL REPORT

# PROPOSALS FOR A RELEVANT AND DYNAMIC EU SUSTAINABILITY REPORTING STANDARD- SETTING

February 2021



We are seeing an international convergence toward a  
**corporate reporting system** governed by **double materiality**

---



Proposed Targeted Amendments to the IFRS  
Foundation *Constitution* to Accommodate an  
International Sustainability Standards Board  
to Set IFRS Sustainability Standards

Comments to be received by 29 July 2021

## We are seeing an international convergence toward a **corporate reporting system** governed by **double materiality**



Proposed Targeted Amendments to the IFRS Foundation *Constitution* to Accommodate an

In March 2021, IFRS Trustees said that the CDP/CDSB/GRI/IIRC/SASB prototype could be used as the basis for its global sustainability reporting standards

## Reporting on enterprise value Illustrated with a prototype climate-related financial disclosure standard

Progress towards a comprehensive corporate reporting system, from leading sustainability and integrated reporting organisations CDP, CDSB, GRI, IIRC and SASB

Facilitated by the Impact Management Project, World Economic Forum and Deloitte

December 2020





## We are seeing an international convergence toward a **corporate reporting system** governed by **double materiality**

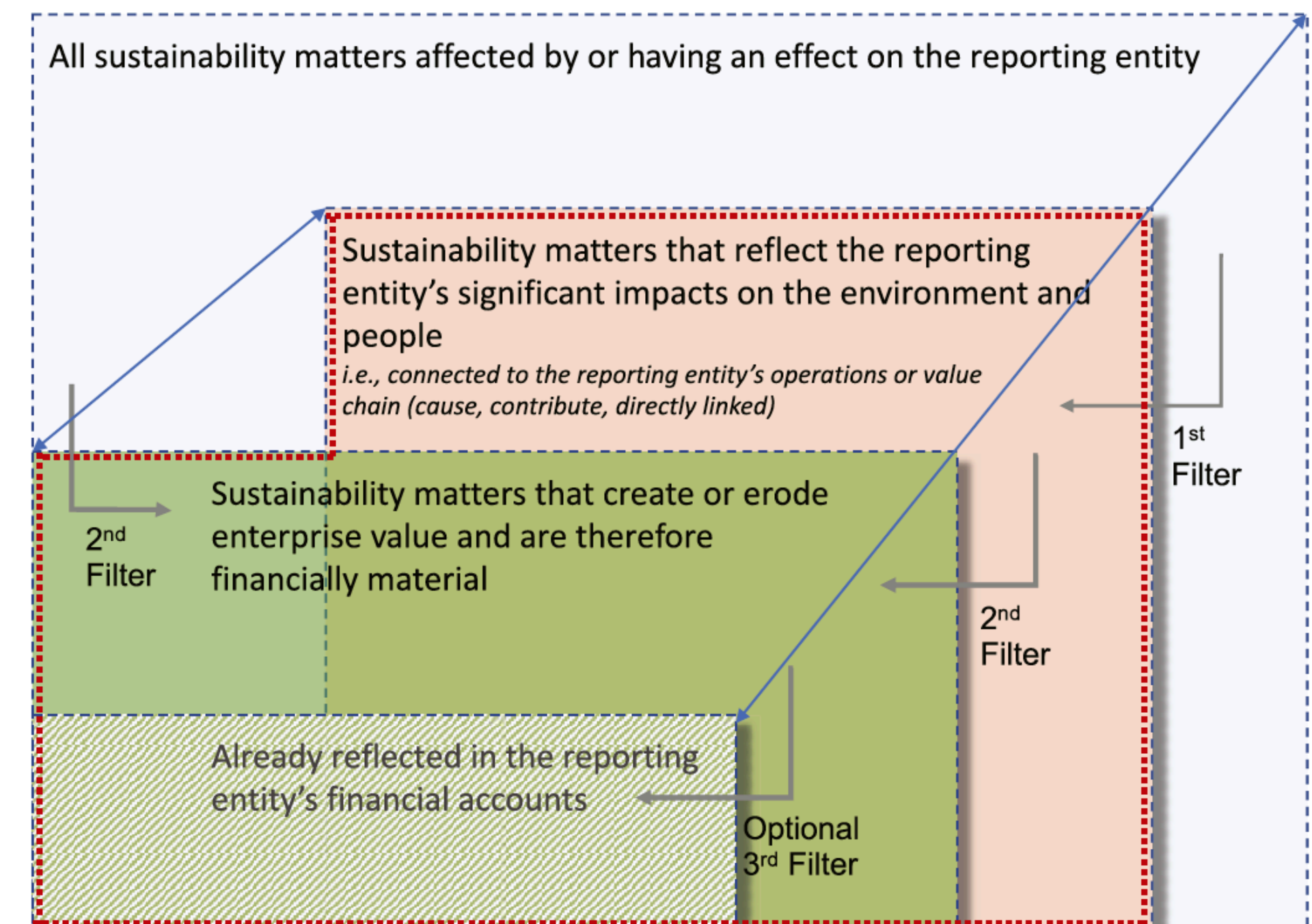


Proposed Targeted Amendments to the IFRS Foundation *Constitution* to Accommodate an

IOSCO is now “fully engaged” with helping IFRS, and its approach “should increasingly cross over to the double materiality concept...”

- IOSCO Chair Ashley Alder remarks to City Week conference, 23 June 2021

Figure 5: Illustration of materiality determination process



## We are seeing an international convergence toward a **corporate reporting system** governed by **double materiality**

---



Proposed Targeted Amendments to the IFRS Foundation *Constitution* to Accommodate an International Sustainability Standards Board to Set IFRS Sustainability Standards

Comments to be received by 29 July 2021

- IFRS aim to develop the first sustainability standards on climate change by **mid-2022**
- SEC consultation on climate/ESG reporting also underway
- TCFD recommendations as an “area of convergence”



## Using **double materiality** to report to investors on **how ESG factors impact corporate strategy**

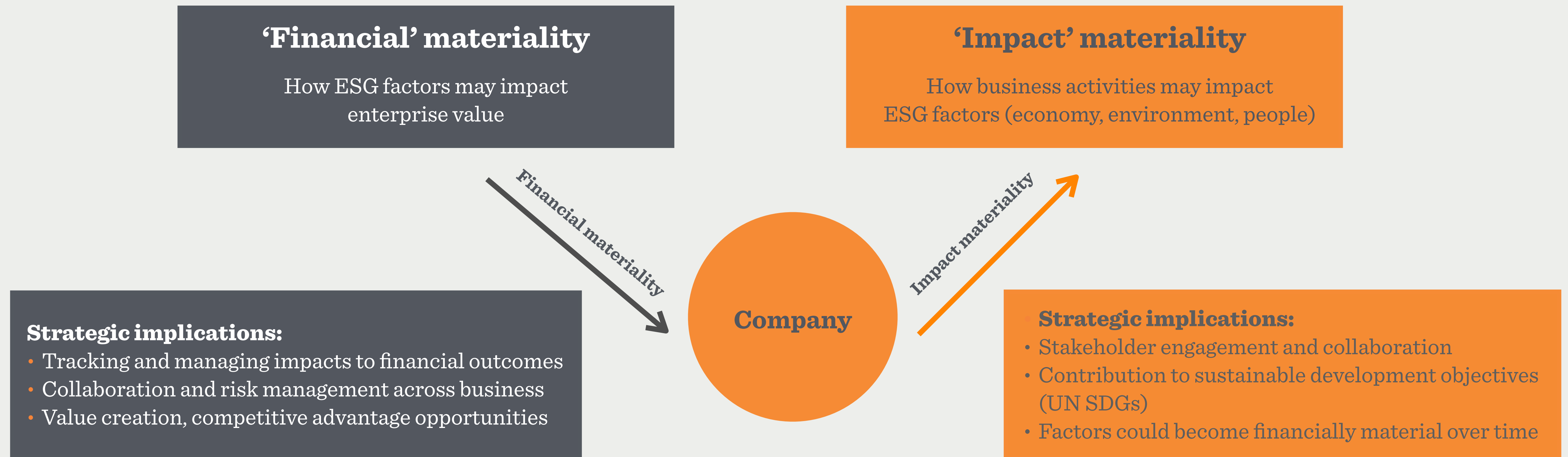
---

**Task Force on  
Climate-related  
Financial Disclosures**  
2020 Status Report

“Expert users find the impact of climate change on a company’s business and strategy as the ‘most useful’ for decision-making”

- Page 4, TCFD 2020 Status Report

# Using **double materiality** to report to investors on **how ESG factors impact corporate strategy**





# Using **double materiality** to report to investors on **how ESG factors impact corporate strategy**



**SASB  
STANDARDS**

## **‘Financial’ materiality**

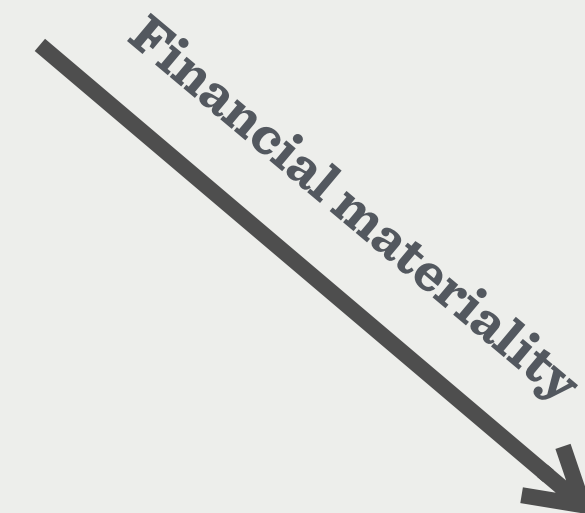
How ESG factors may impact  
enterprise value



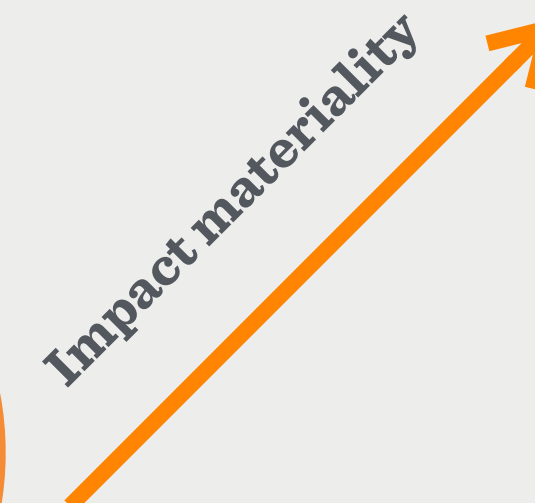
STANDARDS

## **‘Impact’ materiality**

How business activities may impact  
ESG factors (economy, environment, people)



**Company**



Using **integrated reporting** principles to  
report to investors on **how ESG factors impact corporate strategy**

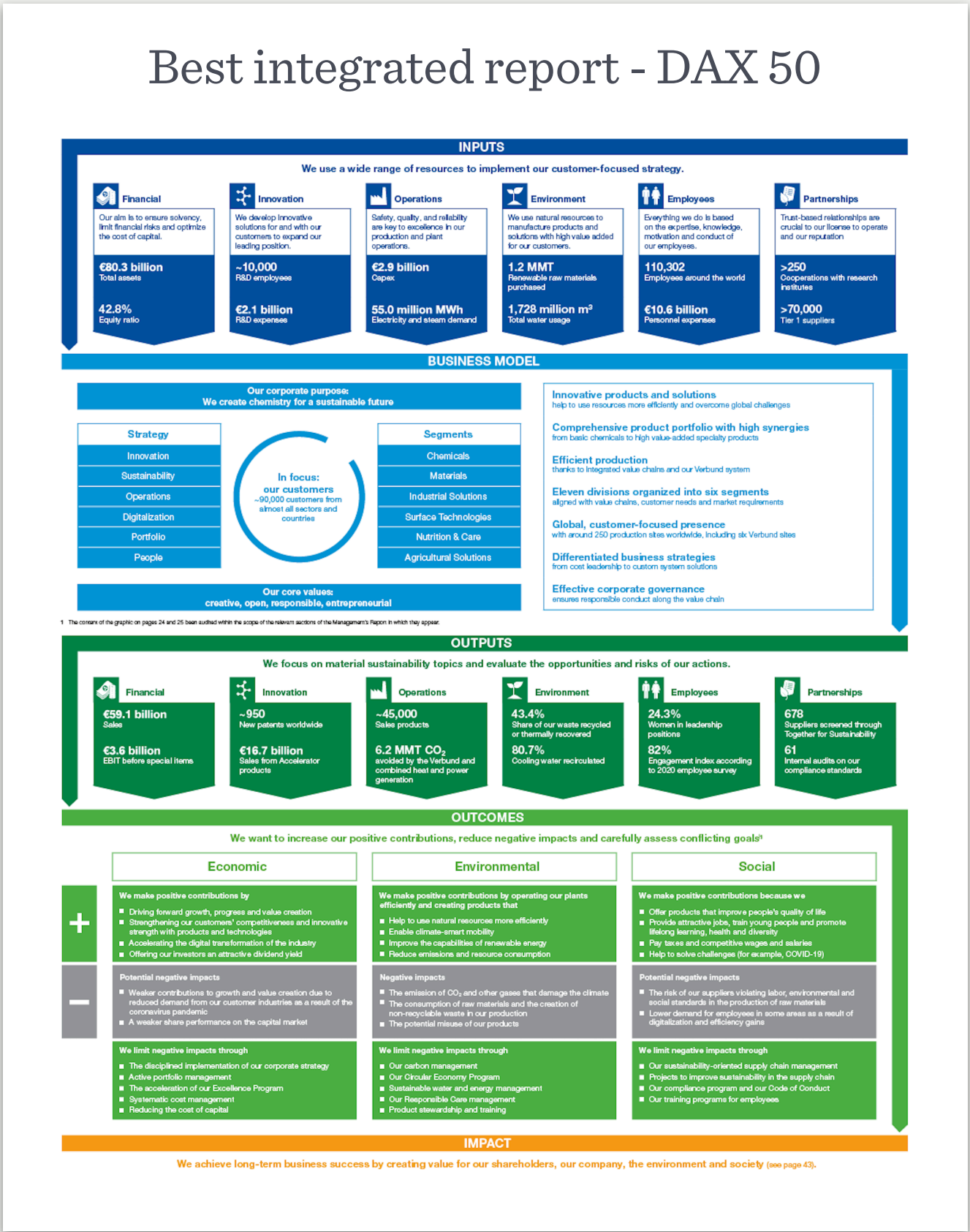
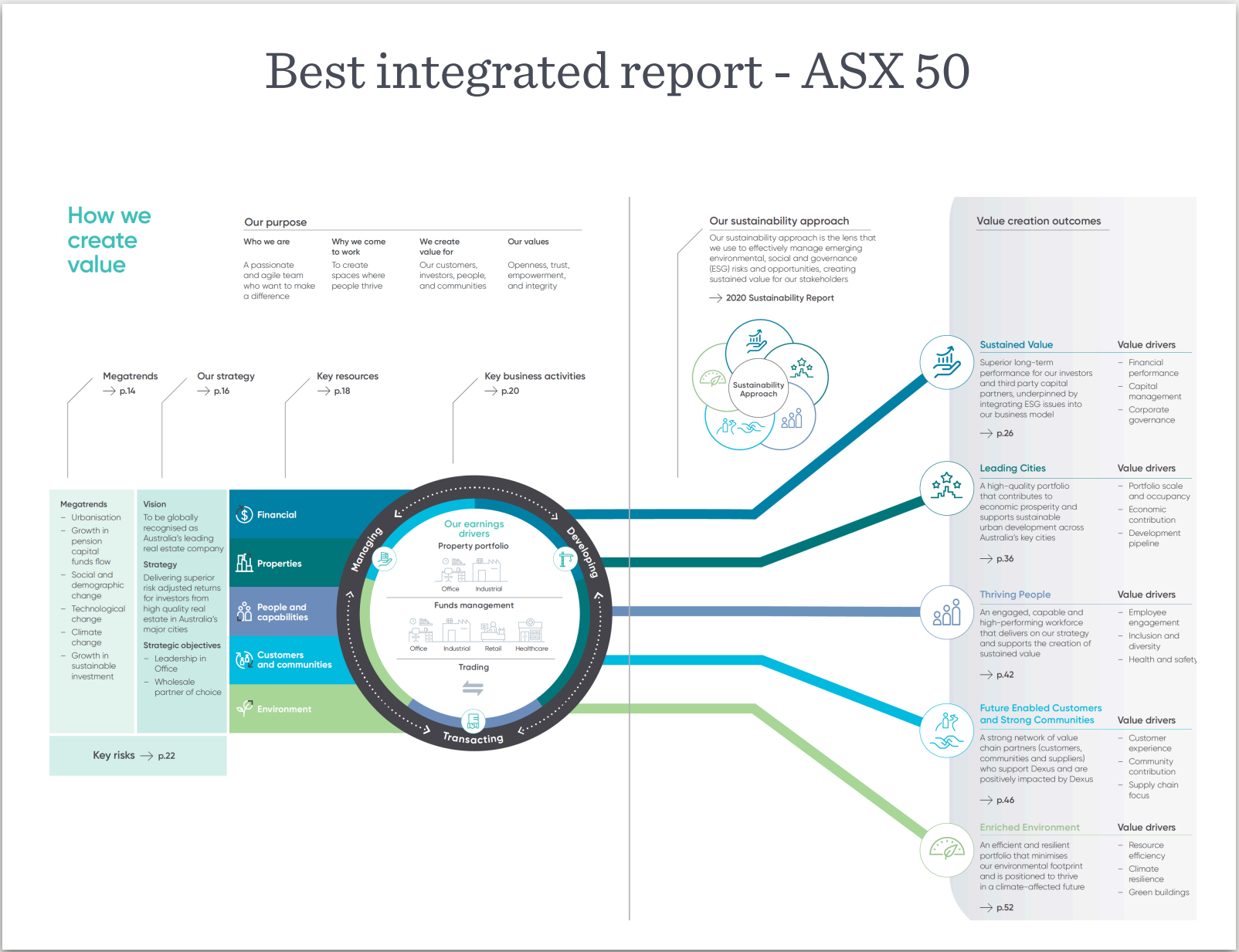
---

**The IIRC and SASB are now  
the Value Reporting  
Foundation**





# Using **integrated reporting** principles to report to investors on **how ESG factors impact corporate strategy**



Reports rated by:



# How we create value

## Our purpose

### Who we are

A passionate and agile team who want to make a difference

### Why we come to work

To create spaces where people thrive

### We create value for

Our customers, investors, people, and communities

### Our values

Openness, trust, empowerment, and integrity

## Our sustainability approach

Our sustainability approach is the lens that we use to effectively manage emerging environmental, social and governance (ESG) risks and opportunities, creating sustained value for our stakeholders

→ 2020 Sustainability Report



## Value creation outcomes

### Sustained Value

Superior long-term performance for our investors and third party capital partners, underpinned by integrating ESG issues into our business model

→ p.26

### Value drivers

- Financial performance
- Capital management
- Corporate governance

### Leading Cities

A high-quality portfolio that contributes to economic prosperity and supports sustainable urban development across Australia's key cities

→ p.36

### Value drivers

- Portfolio scale and occupancy
- Economic contribution
- Development pipeline

### Thriving People

An engaged, capable and high-performing workforce that delivers on our strategy and supports the creation of sustained value

→ p.42

### Value drivers

- Employee engagement
- Inclusion and diversity
- Health and safety

### Future Enabled Customers and Strong Communities

A strong network of value chain partners (customers, communities and suppliers) who support Dexu and are positively impacted by Dexu

→ p.46

### Value drivers

- Customer experience
- Community contribution
- Supply chain focus

### Enriched Environment

An efficient and resilient portfolio that minimises our environmental footprint and is positioned to thrive in a climate-affected future

→ p.52

### Value drivers

- Resource efficiency
- Climate resilience
- Green buildings

Megatrends → p.14

Our strategy → p.16

Key resources → p.18

Key business activities → p.20

### Megatrends

- Urbanisation
- Growth in pension capital funds flow
- Social and demographic change
- Technological change
- Climate change
- Growth in sustainable investment

### Vision

To be globally recognised as Australia's leading real estate company

### Strategy

Delivering superior risk adjusted returns for investors from high quality real estate in Australia's major cities

### Strategic objectives

- Leadership in Office
- Wholesale partner of choice

Key risks → p.22

Financial

Properties

People and capabilities

Customers and communities

Environment

Managing

Developing

### Our earnings drivers

#### Property portfolio



#### Funds management



#### Trading



Transacting

Reference: Dexu Annual Report 2020



A passionate and agile team who want to make a difference

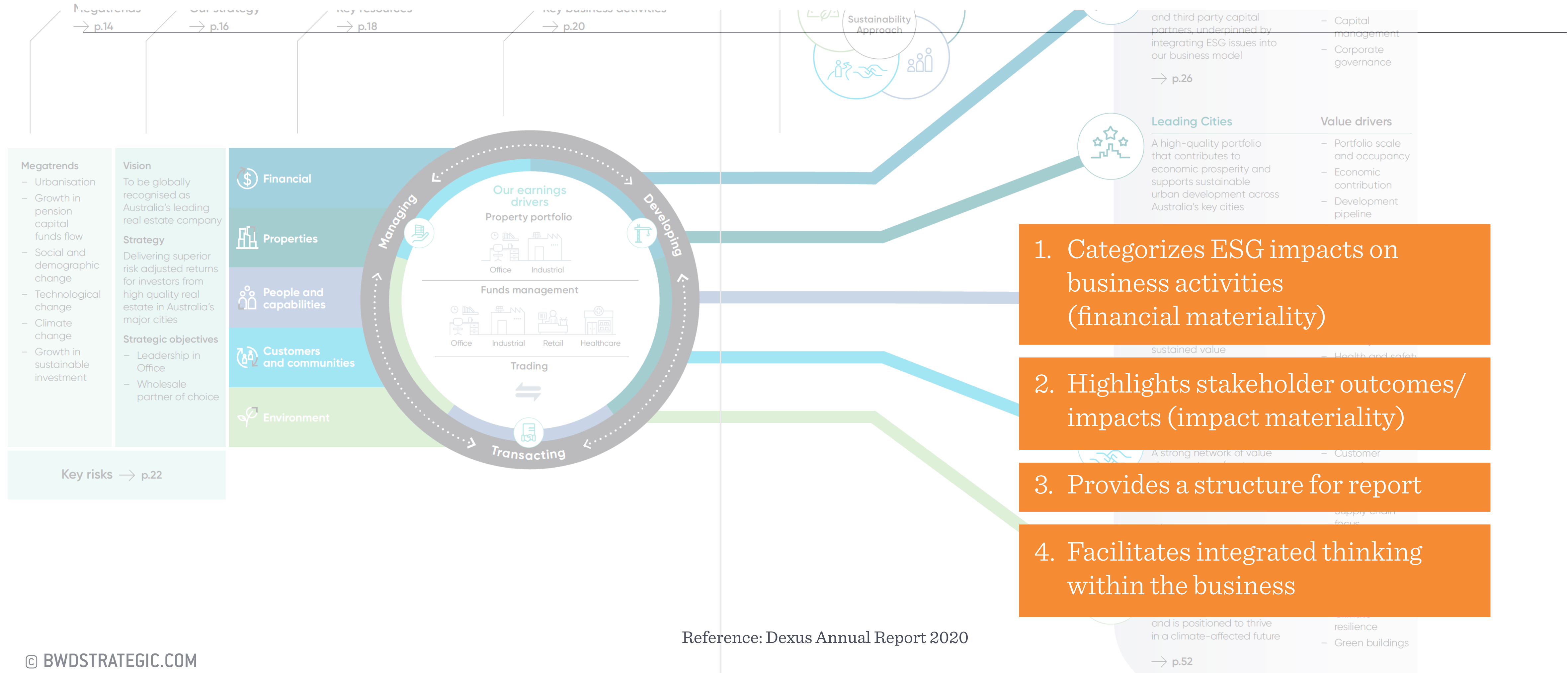
To create spaces where people thrive

Our customers, investors, people, and communities

Openness, trust, empowerment, and integrity

Our sustainability approach is the lens that we use to effectively manage emerging environmental, social and governance (ESG) risks and opportunities, creating sustained value for our stakeholders

# Using **integrated reporting** principles to report to investors on **how ESG factors impact corporate strategy**





# Meeting investor expectations by moving from **corporate social responsibility** toward **ESG integration**



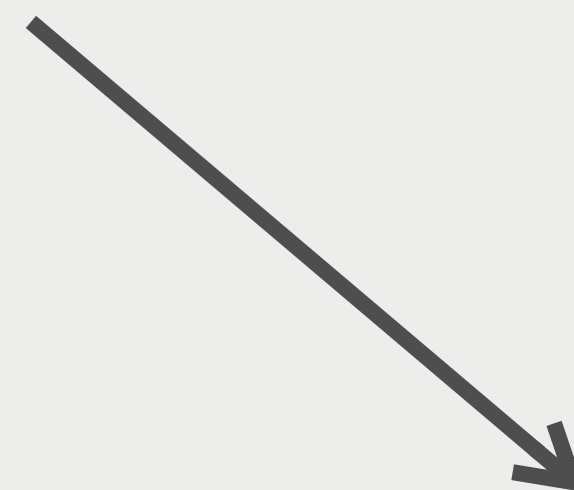
## ‘Financial’ materiality

How ESG factors may impact enterprise value

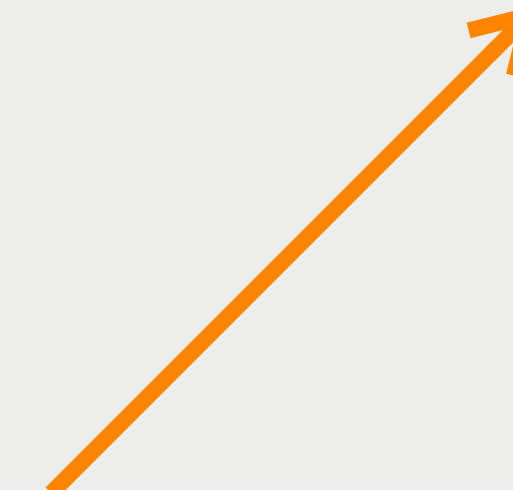
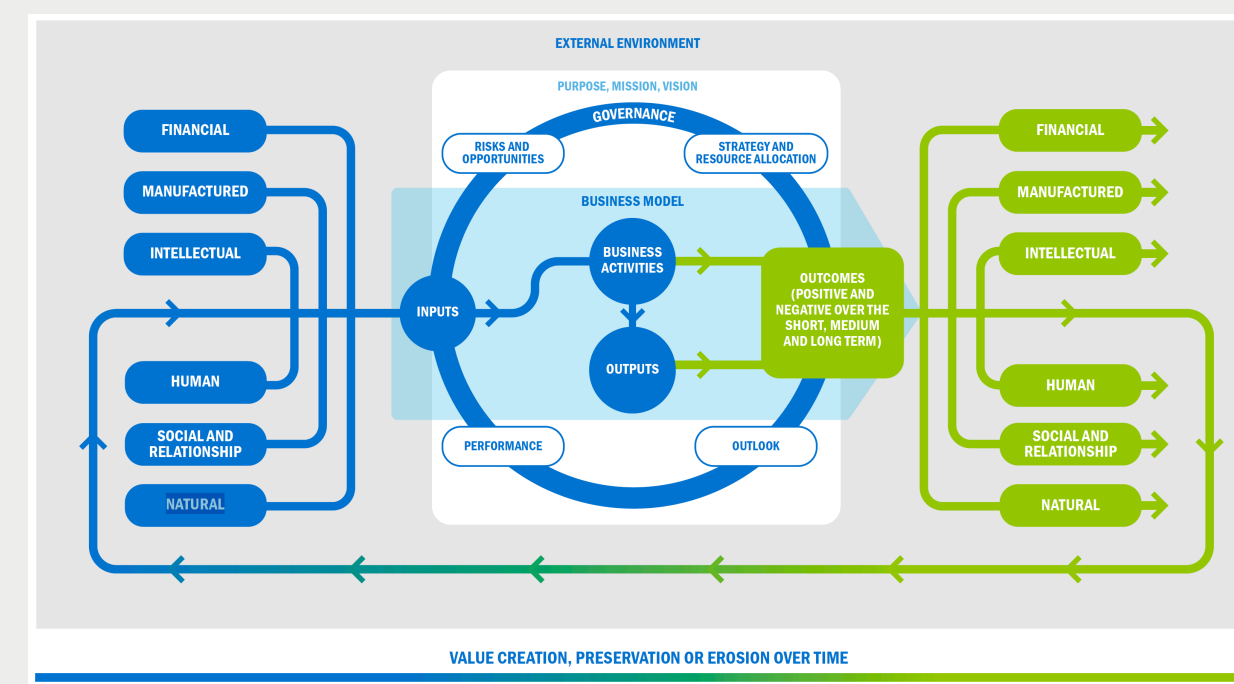


## ‘Impact’ materiality

How business activities may impact ESG factors (economy, environment, people)



## Company





**Dr. Alex Gold**

Head of ESG  
CEO of BWD North America  
alex@bwdstrategic.com



**w** [www.bwdstrategic.com](http://www.bwdstrategic.com)  
**e** [hello@bwdstrategic.com](mailto:hello@bwdstrategic.com)  
**t** +1 718 618 4778

**SYDNEY**



Level 1, 234 George St, Sydney NSW 2000 Australia

**BRISBANE**



73A Elliott Street, Hawthorne QLD 4171 Australia

**PENANG, MALAYSIA**



A12-2, Halaman Halia, 10470 Tanjung Tokong,  
George Town, Penang, Malaysia

**NEW YORK**



195 Plymouth Street, Suite 513, Brooklyn NY 11201 United States

**RAGLAN**



Raglan, NZ | Whaingaroa, Te Ika-a-Mui, Aotearoa