



NATIONAL CARBON OFFSET STANDARD ASSURANCE AUDIT REPORT

SECTION 1 AUDIT STATEMENT AND AUDIT FINDINGS

Audited body

Name of audited body	The GPT Group (GPT)
Name of contact person for audited body	Ben Thomas
Position title	National Manager, Environment
Contact person phone number	+61 412 267 513
Contact person email address	Ben.Thomas@gpt.com.au
Audited body's street address	Level 51, MLC Centre, 19 Martin Place, Sydney, NSW, 2000

Audit description

Type of audit	Reasonable assurance over Scope 1 and Scope 2; Limited assurance over Scope 3
Type of carbon neutral claim (tick all applicable)	<input checked="" type="checkbox"/> Organisation <input type="checkbox"/> Precinct <input type="checkbox"/> Product/service <input type="checkbox"/> Event
Subjects of carbon neutral claim	Scope 1, 2 and 3 carbon emissions from GPT's workspaces, including the Sydney Head Offices and Victorian State Office, as well as the management offices at each building managed by GPT and the operations of Space & Co. (a wholly owned subsidiary of GPT) disclosed in the Public Disclosure Summary.
Initial or periodic audit	Periodic
Reporting period covered by audit	01 January 2018 – 31 December 2018
Date terms of engagement signed	2 January 2017 (amendments to original terms and conditions agreed on 17 th August 2018)
Date audit report signed	30 th April 2019

Audited emissions inventory CY 2018

Audited Scope 1 emissions (tonnes CO₂-e)	0
Audited Scope 2 emissions (tonnes CO₂-e)	793.9
Audited Scope 3 emissions (tonnes CO₂-e)	3,293.8
Scope 2 emissions reduced through retirement of LGCs (tonnes CO₂-e)	209.7
Total retired offsets (tonnes CO₂-e)	3,878

Auditor details

Name of audit team leader	Terence Jeyaretnam									
Organisation	Ernst & Young (EY) Australia									
Email	Terence.Jeyaretnam@au.ey.com									
Phone number	+61 3 9288 8291									
Address	Ernst & Young, 200 George St., Sydney, NSW 2000, Australia									
Names and contact details of other audit team members if applicable	<table border="1"> <thead> <tr> <th>Name</th> <th>Contact</th> </tr> </thead> <tbody> <tr> <td>Adam Carrel</td> <td>adam.carrel@au.ey.com</td> </tr> <tr> <td>Nasim Payandeh</td> <td>nasim.payandeh.castillo@au.ey.com</td> </tr> <tr> <td>Anupam Parashar</td> <td>anupam.parashar@au.ey.com</td> </tr> </tbody> </table>		Name	Contact	Adam Carrel	adam.carrel@au.ey.com	Nasim Payandeh	nasim.payandeh.castillo@au.ey.com	Anupam Parashar	anupam.parashar@au.ey.com
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Nasim Payandeh	nasim.payandeh.castillo@au.ey.com									
Anupam Parashar	anupam.parashar@au.ey.com									
Lead auditor's relevant qualifications, registrations and credentials	<ul style="list-style-type: none"> Terence Jeyaretnam NGER registration number: 0233/2016 									

Ernst & Young Australia confirms that we are not aware of any actual or perceived conflict of interest in having completed this engagement.

Terence Jeyaretnam confirms that he/she has not carried out more than five previous consecutive audits for The GPT Group.

Scope of audit

EY has been engaged to undertake an independent assurance audit of the compliance of the carbon neutral claim for Scope 1, 2 and 3 carbon emissions from GPT's workspaces, including the Sydney Head Offices and Victorian State Office, as well as the management offices at each building managed by GPT and the operations of Space & Co. (a wholly owned subsidiary of GPT) disclosed in the Public Disclosure Summary with the *National Carbon Offset Standard* for Organisations.

EY conducted the audit in accordance with ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. The audit has been planned and performed in accordance with the proposal approved by the participant to enable us to provide reasonable (scope 1 and 2

emissions) and limited (scope 3) assurance regarding the carbon neutral claim for carbon emissions from GPT's workspaces, including the Sydney Head Offices and Victorian State Office, as well as the management offices at each building managed by GPT and the operations of Space & Co. (a wholly owned subsidiary of GPT) disclosed in the Public Disclosure Summary.

Responsibility of GPT's management

Management of GPT is responsible for preparation of the carbon neutral claim in accordance with the *National Carbon Offset Standard* for Organisations in all material respects. This responsibility includes design, implementation and maintenance of internal controls relevant to the preparation and presentation of the carbon account and public report that is free from material misstatement, whether due to fraud or error. Management of GPT is responsible for the interpretation and application of the requirements of the *National Carbon Offset Standard* for Organisations. Emissions quantification is subject to inherent uncertainty because incomplete scientific knowledge has been used to determine emissions factors and the values needed to combine emissions due to different gases.

Our responsibility

Our responsibility is to express an opinion on GPT's carbon neutral claim based on the procedures we have performed and the evidence we have obtained. We have conducted our reasonable (scope 1 and 2) and limited (scope 3) assurance engagement in accordance with the Australian Standard on Assurance Engagements ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The Australian Standard on Assurance Engagements ASAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information requires us to plan and perform this engagement to obtain reasonable (scope 1 and 2) and limited (scope 3) assurance about whether the carbon neutral claim is free from material misstatement, material errors, omissions or misrepresentations. A reasonable and limited assurance engagement involves performing procedures to obtain evidence about the compliance of the carbon neutral claim with the *National Carbon Offset Standard* for Organisations. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to GPT's preparation of the carbon neutral claim, carbon account and public report. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

EY has not conducted any audit procedures with respect to the internal control environment and data management system of the audited body as a whole. As such, no assurance is provided on any internal control environment and data management system not associated with preparing the carbon neutral claim.

Summary of procedures undertaken

The procedures we conducted in our reasonable (scope 1 and 2) and limited (scope 3) assurance engagement included:

- interviews conducted to gather evidence and an understanding of the process by which the GHG inventory and the Public Disclosure Summary have been prepared
- sample testing of source data for scope 2 emissions
- emission factor and methodology check, including recalculation
- analytical review
- obtained representations from GPT regarding the accuracy and completeness of data provided.

Use of our reasonable (scope 1 and 2) and limited (scope 3) assurance engagement report

This report has been prepared for the use of GPT and the Department of the Environment and Energy for the sole purpose of reporting on GPT's carbon neutral claim against the *National Carbon Offset Standard*. Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than the Department of the Environment and Energy and GPT for any consequences of reliance on this report for any purpose.

Inherent limitations

There are inherent limitations in performing assurance—for example, assurance engagements are based on selective testing of the information being examined—and because of this, it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the period that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given its nature and the methods used for determining, calculating and sampling or estimating such data. We specifically note that GPT has used estimates or extrapolated underlying information to calculate certain amounts included within the greenhouse and energy information.

The procedures performed in a limited assurance engagement vary in nature from, and are narrower in scope than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than that in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether GPT's carbon neutral claim regarding scope 3 emissions has been prepared, in all material respects, in accordance with the *National Carbon Offset Standard*.

Audit conclusion

Reasonable (scope 1 and 2 emissions): In our opinion, GPT has prepared its carbon neutral claim regarding scope 1 and 2 emissions in all material aspects in accordance with the *National Carbon Offset Standard* for Organisations.

Limited (scope 3 emissions): Based on the procedures performed (as described above), nothing has come to our attention that would lead to believe that GPT's carbon neutral claim regarding scope 3 emissions has not been prepared in all material respects in accordance with the *National Carbon Offset Standard* for Organisations.

Recommendations

- Minor CAR: Exclusion of Space & Co. in first GHG inventory calculation file provided for review. During interview with Management it was identified that Space & Co. as wholly owned subsidiary of GPT has been included in the certification and reporting boundary. However, this had not yet been translated to the GHG calculation file that was provided to EY for review. GHG calculations were amended to include Space & Co. emissions and an adjusted version of the calculations was sent to EY. On the basis of the procedures performed nothing has come to our attention that would lead us to believe that Space & Co. has not been included in the carbon account calculations in line with GPT's reporting boundary.
- Minor CAR: GPT performs estimations of Scope 2 and 3 emissions related to electricity, natural gas, refrigerant and water consumption for a number of its management offices. These estimations are based on apportioning base building consumption to floor area occupied by the management office in each building. In a limited number of locations, GPT applies an estimation method to

determine management office area. This estimation methodology has been found conservative against industry standards related to occupant density based on actual FTE data. For the majority of sites, floor area of management offices are actual measurements or calculated back from actual lease area. We identified that actual data relating to management office floor area has been manually collected through the use of spreadsheets. We reviewed occupant density (sqm/FTE) for all sites that have not been estimated, using actual FTE data provided by GPT and established that densities across management offices are in line with industry standards.


However, the manual nature of data collection and limited documented internal validations of the data pose a risk of inaccurate square meters used for apportioning base building consumption. It is recommended that GPT undertake measures to leverage other internal controls and databases as well as documenting internal reviews of the square meters for management offices to increase the reliability of the evidence provided for assurance purposes.

- Minor CAR: Scope 3 emissions were identified to have been underreported as a result of mathematical and transcription errors in the calculation of GHG emissions from activity data. We identified such errors in calculations particularly relating to natural gas consumption of base building (mathematically incorrect formula) as well as estimation of refrigerant, water, waste to landfill and electricity consumption for one site (incorrect transcription of variable input data). The resulting total audit difference was immaterial, given impact on total Scope 3 emissions was found below tolerance audit thresholds.

Limitations on use

This Audit Statement has been prepared for the management of the audited body and, if the carbon neutral claim is to be certified, for review by the Department of the Environment and Energy. It is solely for use in assessing whether a carbon neutral claim has been prepared in accordance with the requirements of the *National Carbon Offset Standard*. We disclaim any liability for reliance upon this Report by any other party or for any other purpose other than that for which it was prepared.

Confirmation of Audit Findings

Name of lead auditor	Terence Jeyaretnam
Position of lead auditor	Partner, Climate Change and Sustainability Services
Signature of lead auditor	
Date	30 th April 2019

SECTION 2 CORRECTIVE ACTION REQUESTS AND OBSERVATIONS

Finding	Summary of CAR/ observation	Summary of action taken to address the CAR/ observation <i>(Participant’s response and auditor’s conclusion)</i>	Was the CAR resolved prior to the closure of the audit activity?
Minor CAR	<p>GPT performs estimations of Scope 2 and 3 emissions related to electricity, natural gas and refrigerant consumption for a number of its management offices. These estimations are based on apportioning base building consumption to floor area occupied by the management office in each building.</p> <p>In a limited number of locations, GPT applies an estimation method to determine management office area. This estimation methodology has been found to be conservative against industry standards related to occupant density based on actual FTE data.</p> <p>For the majority of sites, floor area of management offices are actual measurements or calculated back from actual lease area.</p> <p>We identified that actual data relating to management office floor area has been manually collected through the use of spreadsheets. We reviewed occupant density (sqm/FTE) for all sites that have not been estimated, using actual FTE data provided by GPT and established that densities across management offices are in line with industry standards.</p> <p>However, the manual nature of data collection and limited documented internal validations of the data pose a risk of inaccurate square meters used for apportioning base building consumption. It is recommended that GPT undertakes measures to leverage other internal controls and databases as well as documenting internal reviews of the square meters for management offices to increase the reliability of the</p>	<p>As part of development and fitout works spaces are measured; this also applies to spaces used for management offices and accordingly where future changes occur measurements will be updated. Enhanced rigour in recording these measurements in a broader business database, such as the asset control register used for business asset reporting, will reduce the risk of transcription errors and over-reporting in future reports.</p> <p>On the basis of our procedures nothing has come to our attention that would lead us to believe that the data provided regarding management office space has not been fairly presented in all material respects for the CY18 carbon account.</p>	No

	evidence provided for assurance purposes.		
Minor CAR	<p>Exclusion of Space & Co. in first GHG inventory calculation file provided for review.</p> <p>During interview with Management it was identified that Space & Co. as wholly owned subsidiary of GPT has been included in the certification and reporting boundary by GPT.</p> <p>However, this had not yet been translated to the GHG calculation file that was initially provided to EY for review.</p>	<p>GHG calculations were amended to include Space & Co. facilities' emissions and adjusted version of the calculations was sent to EY for review.</p> <p>We reviewed amended GHG calculation file and documentations. Based on procedures performed nothing has come to our attention that would lead us to believe that Space & Co. data has not been included in the carbon calculations in line with GPT's reporting boundary and in all material aspects in accordance with the National Carbon Offset Standard.</p>	Yes
Minor CAR	<p>Scope 3 emissions were identified to have been underreported as a result of mathematical and transcription errors in the calculation of GHG emissions from activity data. We identified such errors in calculations particularly relating to natural gas consumption of base building (mathematically incorrect formula) as well as estimation of refrigerant, waste to landfill and electricity consumption for one site (incorrect transcription of variable input data).</p> <p>The resulting total audit difference was immaterial, given impact on total Scope 3 emissions was found below tolerance audit thresholds. However, due to the sensitivity of the carbon neutrality claims we recommend these issues be corrected to mitigate risk of higher magnitude of error in future reporting.</p>	<p>GPT corrected calculation file to address CAR identified prior to closing of audit.</p> <p>We reviewed amended GHG calculation file and documentation. Based on procedures performed, nothing has come to our attention that would lead us to believe that the errors identified in relation to Scope 3 emissions have not been corrected in all material aspects.</p>	Yes

SECTION 3 DOCUMENTS REVIEWED

Name or description of document	Document title / filename	Author and date prepared, and version if applicable
GPT 2018 GHG inventory	GPT Group 2018 GHG Calcs.xlsm	Chris Wilson (Pangolin) Version: v2, v3 and v4 Date: 5 April 2019
Envizi extract – utilities (+ calculations)	For Pangolin – NCOS GPT office utilities summary 2018.xlsx	Ben Thomas Date: 25 March 2019
Supplier data (scope 3 emissions)	Carbon Reporting 2018 + calcs.xlsx	Chris Wilson (Pangolin) Date: 11 March 2019
Survey Monkey extract – employee commuting	Survey of GPT Employee Travel Environmental Priorities and Social Acti.csv	N/A
GPT 2017 GHG inventory	GPT Group 2017 GHG Calcs.xlsm	Chris Wilson (Pangolin) Date: 26 October 2017
GPT 2018 DRAFT Public Disclosure Summary	GPT 2018 PDS.docx	Chris Wilson (Pangolin) Version: v2, v3 and v4 Date: 23 April 2019