



LEA 02	Disclosures	Monetary	Principles
<p>By providing investors the ability to make informed decisions on investments, the company is committed to transparency and accountability. The company's ESG performance is disclosed in its annual report and on its website. The company's ESG performance is also disclosed in its annual report and on its website.</p>	<p>LEA 02</p>	<p>Monetary</p>	<p>Principles PRI 1, 2, 3</p>
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for interaction</p> <p>To support investment decision-making in & company's interests</p> <p>To enhance corporate transparency for identifying the need to take action on ESG issues</p> <p>To engage internal ESG decision-makers</p> <p>To support investment decision-making in & company's interests</p> <p>To enhance corporate transparency for identifying the need to take action on ESG issues</p> <p>To engage internal ESG decision-makers</p>	<p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>To support investment decision-making in & company's interests</p> <p>To enhance corporate transparency for identifying the need to take action on ESG issues</p> <p>To engage internal ESG decision-makers</p>

RI TRANSPARENCY REPORT

2018

Dexus

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2018 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
⚠	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	Active ownership practices for listed assets	🔒	n/a							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown by passive, quantitative, fundamental and other active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown by passive, active strategies	🔒	n/a							✓
OO FI 02	Option to report on <10% assets	🔒	n/a							✓
OO FI 03	Breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown by passive, quantitative, fundamental and other active strategies	🔒	n/a							✓
OO PE 01	Breakdown of investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership	🔒	n/a							✓
OO PR 01	Breakdown of investments	✓	Private							✓
OO PR 02	Breakdown of assets by management	✓	Private							✓
OO PR 03	Largest property types	✓	Private							✓
OO INF 01	Breakdown of investments	🔒	n/a							✓
OO INF 02	Breakdown of assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Private							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 14	Long term investment risks and opportunity	✓	Private	✓						
SG 15	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Private							✓
SG 19	Communication	✓	Public							✓
SG End	Module confirmation page	✓	-							

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 02	Fund placement documents and RI	✓	Public	✓			✓		✓	
PR 03	Formal commitments to RI	✓	Private				✓			
PR 04	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 05	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PR 06	ESG issues impact in selection process	✓	Public	✓						
PR 07	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 08	ESG issues in post-investment activities	✓	Public		✓					
PR 09	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 10	Certification schemes, ratings and benchmarks	✓	Private		✓					
PR 11	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 12	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 13	Proportion of green leases or MOUs referencing ESG issues	✓	Public		✓					
PR 14	Proportion of assets engaged with on community issues	✓	Private		✓					
PR 15	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PR 16	Examples of ESG issues that affected your property investments	✓	Private	✓		✓				
PR End	Module confirmation page	✓	-							

Assurance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM 1 01.1	Assurance, verification, or review	✓	Public							✓
CM 1 01.2 & 01.8	Assurance of this year's PRI data	✓	Public							
CM 1 01.3 & 01.9	Assurance of last year's PRI data	✓	Public							✓
CM 1 01.4, 10-12	Other confidence building measures	✓	Public							✓
CM 1 01.5	External assurance	✓	Public							✓
CM 1 01.6	Assurance or internal audit	🔒	n/a							✓
CM 1 01.7	Internal verification	✓	Public							✓
CM 1 01 End	Module confirmation page	✓	-							

Basic information

OO 01	Mandatory	Public	Gateway/Peering	General
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OO 01.1 | Select the services and funds you offer

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

- Fund of funds, manager of managers, sub-advised products
- Other, specify

Further options for investment managers (may be selected in addition to the above)

- Execution and advisory services
- Hedge funds
- Fund of hedge funds

OO 01.3

Additional information. [Optional]

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at \$24.9 billion.

Dexus believes that the strength and quality of its relationships will always be central to Dexus's success. Dexus is deeply committed to working with its customers to provide spaces that engage and inspire.

Dexus invests only in Australia and directly owns \$12.2 billion of office and industrial properties.

Dexus manages a further \$12.7 billion of office, retail, industrial and healthcare properties for third party clients. The Group's \$4.3 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns.

With 1.8 million square metres of office workspace across 54 properties, Dexus is focused on being Australia's preferred office partner. Dexus's portfolio also includes 73 industrial properties and 16 shopping centres under management across Australia.

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 28,000 investors from 20 countries. With more than 30 years of expertise in property, investment, development and asset management, Dexus has a proven track record in providing service excellence to its customers, capital and risk management and delivering superior risk adjusted returns for Dexus's investors.

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Australia

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

404.7

OO 02.4

Additional information. [Optional]

Dexus manages a portfolio of office, industrial and retail properties located in core markets around Australia.

As at 30 June 2017 Dexus employed 404.7 FTE property professionals across the Group. The majority of Dexus property professionals are located in the Sydney head office, with the remainder located in the key investment markets. Dexus also employs retail management personnel to manage centres on behalf of the Group's third party clients in regional centres and major cities across Australia.

All relevant headcount data is taken from each year's headcount report as at 30 June. Further details regarding Dexus's employee mix can be found at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/thriving-people>

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 03.3 Additional information. [Optional]

Dexus does not have any subsidiaries.

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

30/06/2017

OO 04.2 Indicate your total AUM at the end of your reporting year, Exclude subsidiaries you have chosen not to report on and any advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		24	900	000	000
Currency	AUD				
Assets in USD		18	918	993	230

OO 04.5 Additional information. [Optional]

Dexus generates both rental income from its properties and fees for undertaking funds management, leasing, property management and development on behalf of third party clients. In addition, Dexus has a trading trust that enables the development and repositioning of properties to enhance value and sell for a profit.

The Group's managed property portfolio of \$24.9 billion as at 30 June 2017 includes \$12.2 billion of owned property and \$12.7 billion of property managed for third party clients, with a \$4.3 billion development pipeline across the Group.

OO 06	Mandatory	Public	Descriptive	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

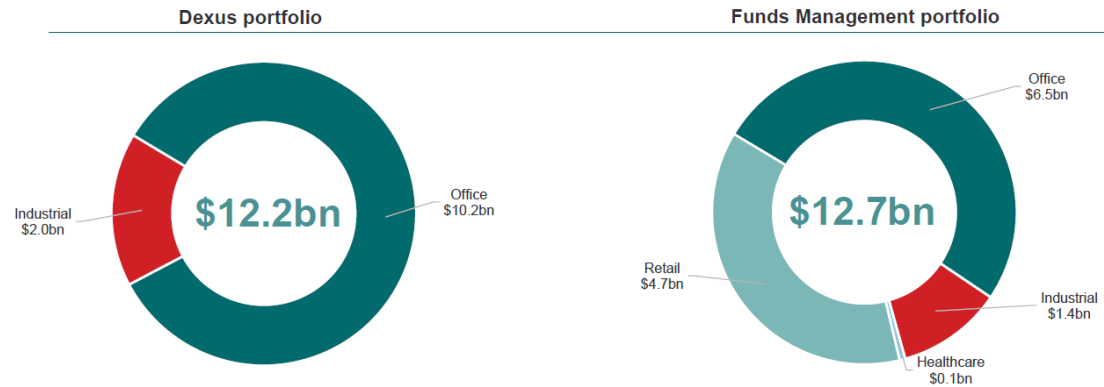
as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	0	0
Property	100	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

Overview

Total group portfolio composition¹



1. Includes transactions settled up to 16 August 2017.
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dexus

Dexus makes all property-related investment decisions for its listed portfolio. Dexus also undertakes property-related investment decisions on behalf of third party clients. Dexus manages the physical property for the majority of its listed portfolio and third party clients. Dexus acts as a trusted advisor conducting extensive research regarding the suitability of properties, provides recommendations regarding buy-sell-hold decisions, as well as acting as an active property manager for its managed portfolio.

Dexus manages office, industrial and retail properties in Australia on behalf of its capital partners.

Dexus does not appoint external investment managers to manage funds on its behalf. Rather, Dexus partners with like-minded investors who value investment and property management expertise with best practice corporate governance principles.

The list below provides a break up of Dexus's funds under management.

Asset Class / FUM (AUD\$bn)

- Listed office: AUD\$10.2bn (41%)
- Listed industrial: AUD\$2.0bn (8%)
- 3rd party portfolio office: AUD\$6.5bn (26%)
- 3rd party portfolio industrial: AUD\$1.4bn (5.6%)
- 3rd party portfolio retail: AUD\$4.7bn (19%)
- 3rd party portfolio healthcare: AUD\$0.1bn (0.4%)

Total FUM: AUD\$24.9bn

Asset class implementation gateway indicators

OO 11	Mandatory	Public	Gateway	General
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	Property
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- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.
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	Core modules
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- Organisational Overview
- Strategy and Governance

	RI implementation directly or via service providers
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	Direct - Other asset classes with dedicated modules
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- Property

	RI implementation via external managers
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	Closing module
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- Closing module

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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- Yes

SG 01.2	Indicate the components/types and coverage of your policy.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change and related issues

**SG 01.3a
CC**

Describe how your products or investment strategy might be affected by the transition to a lower-carbon economy.

As Australia continues its search for secure, affordable, and environmentally conscious energy, Dexus is transitioning to a low carbon future.

By integrating sustainability across Dexus's business, Dexus has achieved significant operational improvements and efficiencies that have reduced costs and environmental impacts.

For Dexus's energy supplies, this means taking an open approach to generation and supply technologies. Dexus needs to identify opportunities to accelerate its take up of renewable energy sources, and invest in emerging technologies that will deliver energy efficiencies to improve Dexus's portfolio performance and lower Dexus's emissions toward a future net zero position.

Through the adoption of a portfolio wide approach Dexus has made significant investments in energy efficiency initiatives which have delivered an improved indoor environment for its customers while decreasing energy usage and occupancy costs.

Since Dexus began setting environmental targets, its portfolio average office NABERS energy rating has increased to 4.8 stars, Dexus reduced its office emission intensity by over 40% and is on track to deliver on its 2020 target of having 1,000,000 square metres of office space with a 5-star NABERS energy rating.

Waste management strategies are also being actively rolled out across Dexus's portfolio to reduce the harmful effects of waste to landfill on the environment and drive down costs.

Looking beyond 2020, Dexus is working towards an approach which sets longer term targets that will further lower its emissions. Dexus's next round of operational portfolio improvements requires innovative thinking and Dexus is leveraging big data and the Internet of Things to enhance building performance.

Dexus's application of predictive building data analytics is further improving energy efficiency and reducing maintenance costs. Dexus is also establishing broader initiatives which focus on its customers'

wellbeing, including using advanced technologies to deliver services that monitor wellness aspects and better inform occupiers about their workspace environments.

SG 01.3b
CC

Describe how climate-related risks and opportunities are factored into your investment strategies or products.

© We factor climate-related risks and strategies into our investment strategies or products.

Assessing climate change risks, reducing greenhouse gas emissions and implementing adaptation measures is a material issue for Dexus, as Dexus seeks to reduce operational and financial risks and maintain its property portfolio's long term resilience and competitiveness.

Through Dexus's Sustainability Approach, Dexus integrates the management of environmental, social and governance issues across the property life-cycle for its direct portfolio and across its funds and mandates. Climate-related risks and opportunities are addressed as part of Dexus's Enriched Environment objective, and the theme of Resilience. Dexus assesses the physical risks, economic risks, potential safety risks and resilience of each building in coping with climate change risks. Properties are ranked according to their overall level of risk and higher risk properties undergo further assessment and adaptation planning.

Dexus's response involves mitigating physical risks through investment decision-making, asset planning, preventative maintenance and adaptation activities. Dexus is also cautious of the transitional risks as they continue to evolve, conducting activities to gather data and insights to inform investment decision making.

Dexus reviews the sustainability risks of a potential acquisition before purchase through a rigorous due diligence process. This process requires details on the potential acquisition's environmental performance including NABERS ratings, Green Star ratings, energy and water consumption, climate change impact research or assessments that have been conducted, building upgrade and improvement plans, past energy and water audits undertaken as well as costing required to implement upgrades to the property in line with the Group's 5-star NABERS Energy rating target. The building performance can affect procurement decisions and determine the investment strategy for the asset, both in the short and long term.

For properties under management, environmental performance and reducing resource consumption is critical and is measured, monitored and managed to meet environmental performance targets. Dexus is committed to operational efficiency across the property portfolio to deliver savings in resource consumption, greenhouse gas emissions and to meet the environmental expectations of all stakeholders, now and in the future.

As the nature and impact of transitional risks continue to evolve, Dexus leverages the following activities to gather data and insights to inform investment decision-making:

- Dexus's in-house research team tracks economic conditions, correlates market risks and forecasts real estate market performance in all major commercial, retail and industrial property markets nationwide
- Dexus collaborates with peers and with industry associations to undertake work and share knowledge on climate change risk and adaptation
- Dexus engages with customers and conducts social demographic studies across retail properties
- Dexus works with subject matter experts to maintain an up-to-date view of this emerging topic

Dexus sets continuous improvement targets to drive reductions in energy use, the major contributor to Dexus's emissions footprint. Dexus is looking beyond its current targets towards a net-zero future in line with the Paris Agreement which is advocating significant reductions in emissions to keep global warming under two degrees against a pre-industrial baseline.

Describe how these risks and opportunities serve as an input to your investment strategies or products and the related time periods used.

Specific Guidance:

Asset Owners

This can be described from the perspective of the total fund or investment strategy or individual investment strategies for various asset classes.

Investment Managers

This can be described from the perspective of all investments strategies and products or individual investment strategies and products for clients

We do not factor climate-related risks and strategies into our investment strategies or products.

Other RI considerations, specify (1)

Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, and how they consider ESG factors and real economy impact.

Dexus's Sustainability Approach is aligned with its strategy through the overarching goal of delivering sustained value for its stakeholders. Through Dexus's Sustainability Approach, Dexus integrates the management of environmental, social and governance issues across the property life cycle for its direct portfolio and across its funds and mandates.

Dexus's approach forms the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Dexus implements strategies, initiatives and programs across five key objectives aligned to Dexus's stakeholders.

Dexus creates sustained value by taking a systematic approach that links its strategy and vision to its actions and performance outcomes through policies and governance frameworks, setting targets and embedding these into day-to-day operations.

Sustained value goes beyond financial returns, incorporating value for other stakeholders.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Policy scope and ownership

Led by its Board, Dexus has been incorporating corporate responsibility and sustainability into the Group's strategy and management activities for around 30 years. Board and Corporate policies encapsulate Dexus's strategy and vision and inform all stakeholders of their legal and corporate responsibilities for the management of environmental, social and governance issues.

Policy review

Dexus's sustainability approach continues to evolve to respond to new perspectives. In FY15, Dexus revised its sustainability approach, after consultation with internal and external stakeholders, to embrace the broader ecosystem in which it operates. Commitments and targets are set and reviewed on an annual basis.

Implementation

Dexus integrates sustainability across the property life-cycle by systematically linking strategy and vision to actions and performance outcomes through policies and governance frameworks, setting targets and embedding these into day-to-day operations.

Material issues

The sustainability approach includes five key objectives which retain their alignment with Dexus's stakeholders: People, Community (incorporating suppliers), Environment (including climate change related issues), Customers, and introduces Cities as a new focus area. Dexus engages with stakeholders to identify and respond to its collective material issues by aligning to the key objectives of Dexus's sustainability approach and informing its FY17 and future commitments.

Drivers

Key internal and external drivers exist that drive ongoing investment in building efficiency and managing ESG issues include:

- Improving rental returns

- It makes financial sense
- Consumer demand and sentiment
- Industry leadership
- Benchmarking and peering
- Future proofing
- Attracting and retaining investors

No

Your responses to this indicator will be used to determine if you meet the minimum requirements of being a PRI signatory introduced for the first time in 2018. Signatories have until 2020 to meet these requirements.

You can find out more information on the PRI website.

There are two minimum requirements for this indicator SG 01.1 and SG 01.2:

- A policy, or similar document, that: sets out your overall approach to responsible investment; or
- Formalised guidelines on environmental factors; or
- Formalised guidelines on social factors; or
- Formalised guidelines on governance factors.
-

The PRI recognises that RI "policies" can take many different forms and can have a variety of titles. Please see the explanatory notes for this indicator to see further explanation of this and further guidance.

- This policy/document should cover more than 50% of your AUM

If you have any questions or need support please contact reporting@unpri.org or call on + 44 (0) 203 714 3187.

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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Policy setting out your overall approach

	URL/Attachment
--	----------------

URL

	URL
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<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-approach>

Attachment (will be made public)

	Attachment
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[File 1:2018 02 22 Dexus Whistleblower Policy.pdf](#)

[File 2:2018 01 16 Dexus Supplier Code of Conduct.pdf](#)

[File 3:2018 01 12 Dexus Anti Bribery Policy.pdf](#)

[File 4:2017 11 29 Dexus Continuous Disclosure Policy.pdf](#)

[File 5:2017 11 15 Dexus Biodiversity Policy.pdf](#)

[File 6:2017 10 09 Dexus Risk Management.pdf](#)

[File 7:2017 07 27 Dexus Diversity and Inclusion Principles.pdf](#)

[File 8:2017 07 27 Dexus Directors Code of Conduct.pdf](#)

[File 9:2017 07 13 Dexus Employee Code of Conduct.pdf](#)

[File 10:2017 02 07 Dexus Environmental Statement.pdf](#)

[File 11:2017 01 10 Dexus Human Rights Policy.pdf](#)

Formalised guidelines on environmental factors

	URL/Attachment
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URL

	URL
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<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/environment>

Attachment (will be made public)

	Attachment
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[File 1:2017 Dexus Disclosures on Management Approach.pdf](#)

Formalised guidelines on social factors

	URL/Attachment
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URL

	URL
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<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/people-and-culture>

Attachment (will be made public)

Attachment

[File 1:2017 Dexus Disclosures on Management Approach.pdf](#)

- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/governance>

- Attachment (will be made public)

Attachment

[File 1:2017 Dexus Disclosures on Management Approach.pdf](#)

- Screening / exclusions policy

URL/Attachment

- URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/governance>

- Attachment (will be made public)

Attachment

[File 1:2017 Dexus Disclosures on Management Approach.pdf](#)

- We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-approach>

Attachment

File Attachment

2017 Dexus Disclosures on Management Approach.pdf [544KB]

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-approach>

Attachment

File Attachment

2017 Dexus Disclosures on Management Approach.pdf [544KB]

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/governance>

Attachment

File Attachment

2017 Dexus Disclosures on Management Approach.pdf [544KB]

ESG incorporation approaches

URL/Attachment

URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach>

Attachment

File Attachment

2017 Dexus Disclosures on Management Approach.pdf [544KB]

Active ownership approaches

URL/Attachment

URL

URL

<http://www.dexus.com/investors/investor-information/why-invest-in-dexus>

Attachment

Reporting

URL/Attachment

URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance>

Attachment

File Attachment

2017 Dexus Performance Pack.pdf [2707KB]

Climate-related issues

URL/Attachment

URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/environment>

Attachment

File Attachment

2017 Dexus Disclosures on Management Approach.pdf [544KB]

Climate change and related issues

URL/Attachment

URL

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/environment>

Attachment

File Attachment

2017 Dexus Disclosures on Management Approach.pdf [544KB]

We do not publicly disclose any investment policy components

SG 02.3

Indicate if your organisation's investment principles, and overall investment strategy is publicly available

Yes

URL

<http://www.dexus.com/who-we-are/our-strategy>

No

SG 02.4

Additional information [Optional].

Dexus publicly discloses its governance framework on its website which is available at: <http://www.dexus.com>. Within this framework Dexus articulates its approach to responsible investment. Key public documents include:

- Public compliance or corporate policies
- Dexus's environment statement
- Codes of Conduct for Directors and employees
- Board Committees and their terms of reference
- Dexus's Sustainability Approach
- Sustainable Procurement Policy and Supplier Code of Conduct

In addition, Dexus maintains internal documents relating to the implementation of responsible investment including policies, risk management framework documents, operations manuals, tools and checklists.

Dexus periodically reviews its public and internal content to seek an appropriate balance between corporate disclosure and internal management practices. At present Dexus does not plan to publish these internal governance and management documents.

Overall Approach

Dexus's overall approach to responsible investment is described within the following policies and committees, which form its corporate governance framework.

Policies:

Dexus has developed several policies, which together form the set of requirements under which Dexus and its employees conduct business and maintain governance. Those that relate specifically to responsible investment include:

- Director's and employee codes of conduct
- Diversity principles
- Biodiversity
- Environmental statement
- Continuous disclosure
- Whistleblowing
- Risk management
- Sustainable procurement
- Human rights

Committees:

Investment Committee: Dexus's Investment Committee is tasked with reviewing all investment, divestment and development proposals concerning Dexus and each of its managed funds and clients.

The Investment Committee recognises its fiduciary duty to put aside personal interest in favour of client interests. This committee uses a formal process and templates to collect and evaluate a wide range of risks, opportunities and their impacts relating to investment decisions for consideration prior to approving or endorsing each investment decision.

Group Management Committee (GMC): Oversees business operations including its management of compliance, risk and sustainability. The GMC reports directly to the Dexus Board. GMC oversees sustainability and provides a direct link between business operations and corporate governance. It also assures the Board that major business risks have been identified and assessed, and effective plans are in place in line with the Risk Management Framework and Sustainability Approach.

Property Executive Committee (PEC): Chaired by the CEO, PEC members include the CIO, CFO and Executive General Managers to oversee Dexus's ongoing operations to achieve Dexus's operational and strategic objectives with respect to property performance, development and trading, and customer and innovation.

Board Risk Committee: Responsible for overseeing group risk management, including implementation and management of sustainability practices and initiatives throughout Dexus, as well as overseeing WHS, risk, compliance and internal audit. The Board Risk Committee reports directly to the Board.

Group Risk Committee: Oversees group risk management compliance, internal audit and risk and sustainability initiatives and reports to the Dexus Board Risk Committee. It assures the Board and the Board Risk Committee that major business risks have been identified and assessed, and effective plans are in place to mitigate the risks.

Further information and guidelines regarding Dexus's corporate governance structure and approach can be found on its Governance Disclosure on Management Approach which is available at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach/governance>

Proxy Voting

Dexus's strategy focuses on direct property investment and active management, and as a result there is no historical basis for exercising voting rights.

Screening/exclusion policy

Dexus applies ESG related screening and exclusion practices in two key areas:

Investment Committee - potential investments are screened as part of a rigorous due diligence process that includes environment related disqualification criteria. For example, Dexus is averse to acquiring property with the presence of contaminated land. Should a potential investment be found to be impacted by contaminated land, the determination as to whether Dexus will acquire the site will take into consideration the extent of contamination and the cost of remediation.

Sustainable Procurement - as part of all supplier engagements, Dexus requests that suppliers adhere to its Sustainable Procurement Policy and agree to abide by its Supplier Code of Conduct. Suppliers that cannot make this commitment are excluded from further evaluation. ESG issues are also reviewed and ranked as part of the tender evaluation process and may affect a potential supplier's ranking.

Guidelines on corporate governance

Risk Management Framework

Responsible investment involves a structured process for mitigating risks associated with ESG issues.

Through Dexus's Risk Management Framework, risks are identified and managed in a consistent, systematic, credible and timely way to minimise the impact of unexpected and undesirable events and to provide the ability to consider opportunities as they arise.

This framework is built into Dexus's daily operations via accountabilities, standard operating procedures, tools and templates, management oversight, collaboration/knowledge sharing, and audit/assurance.

A Risk Management Framework guidance document provides instructions to all employees in regard to understanding risks, identifying, analysing and evaluating them, as well as each employee's responsibilities. All employees receive induction training that includes review and assessment of this guide.

Environmental and Social Guidelines

Sustainability Approach

Dexus's Sustainability Approach incorporates the UNPRI 'six principles' within its goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across Dexus's value chain". It forms the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Please refer to the Dexus website (<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-approach>) for further information regarding the Sustainability Approach, commitments and achievements.

Management approaches

Dexus invests responsibly in its people and takes great pride in providing a safe, flexible and enjoyable work environment. Guidelines on social issues are contained within various policies and codes of conduct, as described within Dexus's Disclosures on Management Approach documents for employees, customers and tenants, and across Dexus's supply chain. These are publicly available at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance/gri-index/disclosures-on-management-approach>

The Dexus intranet is available to all employees, which contains Dexus's policies and position regarding a range of issues, including workplace behaviour, health and safety as well as discrimination, harassment, bullying and victimisation. The intranet also guides team members regarding the use of policies, process workflows, escalation processes and how governance is maintained.

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Dexus maintains two internal compliance policies relating to personal and corporate conflicts of interest. The purposes of these are to:

- Assist employees to understand what constitutes a conflict of interest
- To describe the process to effectively manage conflicts

Dexus's internal 'Investment Procedures Compliance Policy' sets out the procedures to be used in the investment process to ensure that acquisitions are appropriate, permitted and are in accordance with the client objectives and strategies.

Dexus's internal 'Allocation Compliance Policy' sets out procedures to ensure a fair and equitable allocation of property acquisition and an allocation process where more than one Group member is interested in the asset acquisition, the Acquisition will be allocated as per the Priority List for each sector.

All conflicts whether real or potential conflicts must be reported to Dexus's Risk and Compliance, team to ensure necessary controls are put in place to manage the conflict effectively. Controls may include:

- Ensuring the transaction is conducted at arm's length
- Removal of conflicted team members from the transaction or decision

- Establishing information barriers so that teams operate solely in the interests of their client

Dexus's Conflict of Interest Register provides a central record of all material conflicts.

No

SG 03.3	Additional information. [Optional]
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As part of their annual KPIs all Dexus staff are required to demonstrate a working knowledge of these policies.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2	Additional information. [Optional]
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Setting Objectives

Each year Dexus sets, reviews and updates corporate objectives within its responsible investment framework following input from key Dexus stakeholders. Commitments are typically defined with respect to each of five key objectives (i.e. future-enabled tenants, thriving people, strong communities, leading cities, and enriched environment) and may relate to:

- Setting and achieving operational performance targets such as financial targets or building efficiency benchmarks
- Initiatives to improve collaboration or joint commitment with stakeholders such as suppliers, customers, and industry peers
- Enhancements to processes, governance mechanisms or internal efficiency
- Implementing ESG projects at specific properties within the portfolio
- Broader ambitions to make a material impact on employees, the community and/or the environment

For details of key activities carried out by the Dexus Board in FY17, refer to <http://dexus2017.reportonline.com.au/governance/activities-across-year>

For details of progress on progress against objectives, refer to 'Delivering FY17 Commitments' in Dexus's 2017 Online Reporting suite available at: <http://dexus2017.reportonline.com.au/performance/delivering-fy17-commitments>

Review Performance

Dexus management reviews performance against its objectives at least quarterly. During FY17 the Dexus Board met ten times in which the following governance reporting, discussion and decision occurs:

- Chief Executive Officer's report

- Company Secretary's report
- Minutes of Board Committee meetings
- Reports on asset acquisitions, disposals and developments
- Management presentations
- Other business where Directors can raise any topical matters

During FY17 the Dexus Board held one additional special meeting. Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

Reporting Progress

Dexus reports on select key commitments every six months and reports comprehensively on all commitments within its Annual Review, in line with requirements to transparently monitor and report performance outlined within Dexus's Environmental Statement.

Dexus maintains an internal monitoring and reporting program to continually review progress against its ESG commitments. Environmental performance is under ongoing review through the following forums:

- Daily monitoring of building consumption trends by Building Managers
- Monthly sustainability team meetings involving stakeholders from Dexus and its managing agent
- Monthly reporting of NABERS ratings activity and tracking of rolling portfolio targets
- Monthly review of energy and water billing data and investigation into adverse consumption trends
- Formal updates on key performance indicators to the Dexus Executive and the Board (via Board Risk Committee, and Group Management Committee) every quarter

Dexus measures its success in the following ways:

- Completion of commitment milestones
- Achievement of targets
- Feedback from tenants, customers and employees
- Awards and external recognition
- Inclusion to and rankings within sustainability and leadership indices

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
SG 07.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.			

Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Head of Risk and Compliance**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- ESG portfolio manager
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)
- Other role, specify (2)

Board Members execute their RI oversight/accountability or implementation responsibilities as follows:

- Board members and the CEO have accountability to security holders and the general public regarding Dexus's responsible investment activities including transactions and portfolio financial performance and ESG performance
- Board Members sit on Board Committees which meet quarterly to review and approve relevant Corporate and Compliance Policies and review reports on ESG performance including active projects, achievements and performance metrics
- Final decision makers (in conjunction with investment partners) regarding major investment decisions as recommended by Dexus's Investment Committee

The **Chief Executive Officer (CEO)** executes his RI oversight/accountability or implementation responsibilities as follows:

- The CEO, together with the Board has accountability to security holders and the general public regarding Dexus's responsible investment activities including transactions and portfolio financial performance and ESG performance
- Chairs a number of management committees including the Group Management Committee (GMC) and the Corporate Responsibility, Inclusion and Diversity Committee (CRID)
- As Chair of the Investment Committee (IC), is a key decision maker regarding acquisitions and disposals, and major capital expenditure including environmental upgrade projects
- Actively advocates for and champions Dexus initiatives including Dexus's Sustainability Approach, and Dexus's approach to achieving workplace equality and diversity

The **Head of Risk and Compliance** is responsible for the development, implementation and oversight of Dexus's compliance, risk management, internal audit and corporate governance programs which includes the following day-to-day activities:

- Provides training and advice on compliance, risk & governance issues
- Drafts & agrees on Dexus Policies & Compliance Policies
- Oversees monitoring & preventative reviews
- Co-ordinates and oversees internal audits
- Organises Real Estate licensing
- Acts as the key point of contact with regulators
- Reports to management & committees on compliance & risk issues
- Provides support on Board and Committee matters
- Oversees corporate governance initiatives
- Oversees Dexus's Work Health and Safety System (OHSAS 18001 certified)
- Oversees Dexus's Environmental Management System (ISO 14001 certified)

Third Party Fund Managers

Dexus partners with like-minded investors who value investment and property management expertise supported by best practice corporate governance principles. Dexus's integrated model of investment management provides third party clients with access to multi-sector expertise in investment management, asset management, development management and transactions.

Dexus's Third Party Funds Management incorporates RI accountability and implementation as follows:

- Accountability for the ESG performance of their portfolios to investors and mandate clients
- Engagement with investors to report on fund performance, acquisitions and disposals and project initiatives
- Set targets and monitor progress. Responsible for investment decisions and asset allocation
- Decision maker regarding large CAPEX projects (such as environmental upgrade projects) in conjunction with Investment Committee
- Report regularly to investors regarding portfolio financial and ESG performance

External Managers and Contractors

Dexus's external managers and contractors have a direct role in contributing to Dexus's ESG performance and execute their RI oversight/accountability or implementation responsibilities as follows:

External managers:

- Manage the operation of buildings to provide customer service to tenants and minimise ESG impacts
- Maintain property compliance with Dexus risk management and compliance systems including work health and safety, environmental management, and Dexus's property risk audit program
- Implement ESG related initiatives and projects within their buildings and communicating with tenants

Contractors:

- Provide day-to-day services to maintain properties and ensure their ongoing operations including HVAC system maintenance, cleaning and waste management
- Contractually agree to Dexus's Sustainable Procurement Policy and Code of Conduct which aligns with Dexus's environmental, social, human rights and governance policies
- Sign in and out via SASSI, Dexus's contractor management system. Contractors must be accredited and appropriately inducted to work at Dexus buildings. SASSI stores contractor and employee work activity and any relevant licences and certifications
- Oversee their team to ensure appropriate working conditions, a safe working environment, use of environmentally responsible products and responsible disposal of waste

Dexus's **Investor Relations** promotes an open and ongoing two-way dialogue that integrates financial, operational and ESG performance, communication, marketing and securities law compliance to the investment community and other key stakeholders which ultimately contributes to Dexus's securities achieving fair valuation. RI oversight/accountability or implementation responsibilities include:

- Coordinates the structure of the Annual Report to best inform stakeholder in line with GRI G4 guidelines
- Maintains the Group's corporate and CR&S website including reports, property performance metrics, case studies, policies and descriptions of management systems. The team also maintains Dexus's social media presence
- Responsible for publishing property ESG information in accordance with legal requirements
- Coordinates internal communications and events to provide information and foster collaboration amongst teams and offices (e.g. corporate Intranet site, quarterly employee briefings, monthly social events etc.)

Dexus's **Head of Sustainability and Energy** coordinates day-to-day RI oversight/accountability or implementation responsibilities including:

- Facilitates Dexus's Group's Sustainability Approach including the setting ESG objectives against each key objective and monitoring progress
- Responsible for environmental performance including target setting, monitoring and reporting
- Oversees annual energy and emissions reporting as per legal requirements and external assurance of Dexus's environmental accounts
- Oversees NABERS rating program to maintain legal compliance and setting building performance targets
- Conducts technical due diligence of building systems for potential acquisitions
- Implements programs and projects across business units and buildings to facilitate or promote responsible investment, reduce resource use, waste to landfill and lower greenhouse gas emissions
- Collaborates on major supplier engagements to define service requirements to align with Dexus's Sustainability Approach and to review potential suppliers for their alignment
- Engages with industry associations to share knowledge to address sustainability issues and identify and promote best practice opportunities
- Engages with suppliers and product/service providers to new technologies and innovations of benefit to Dexus

SG 07.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

3

SG 07.4

Additional information. [Optional]

All operations and management team members are obligated to implement responsible investment practices which are built into Dexus's risk management framework and Sustainability Approach.

These employees have accountability for responsible investment as part of their personal KPIs. These KPIs relate to understanding and adhering to Dexus policies and procedures.

The Board, its endorsed committees, CEO, and Executive General Managers have primary responsibility for oversight of responsible investment.

Your responses to this indicator will be used to determine if you meet the minimum requirements of being a PRI signatory introduced for the first time in 2018. Signatories have until 2020 to meet these requirements.

You can find out more information on the PRI website.

There are two minimum requirements for this indicator SG 07.1:

- A role implementing responsible investment: Individuals with implementation roles are those charged with implementing specific aspects of the organisation's responsible investment practices, for example, conducting ESG-related research, incorporating ESG issues into investment strategies, voting shareholdings, engaging with companies and policy makers;
- This can be an internal staff or an external role;
- They do not have to be a dedicated RI/ESG investment staff (captured in 07.3); and
- They do not have to be allocating the majority of their time to RI/ESG activities.
-
- Senior level oversight and accountability for RI implementation: Individuals with oversight roles are those with management or governance responsibility for ensuring that the organisation implements its policies, and achieves its objectives and targets in relation to responsible investment performance; and
- "Senior level" includes the roles: Chief level staff, head of department, CEO, CIO, Investment Committee and Board members or trustees.
-

If you have any questions or need support please contact reporting@unpri.org or call on + 44 (0) 203 714 3187.

Promoting responsible investment

SG 09**Mandatory****Public****Core Assessed****PRI 4,5**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a signatory to UNPRI and reports its implementation of the six principles annually. During 2017 Rob Sims, Dexus's Sustainability Manager, was a member of the PRI's Assurance Working Group, assisting in advising on how the PRI may proceed with introducing assurance requirements and/or other confidence building measures for its signatories.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a CDP supporter as well as a signatory to CDP Climate Change and reports against its framework annually. Dexus attends industry events including CDP's Awards Presentation and engages directly with CDP Australia.

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- EVCA – Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a GRESB Company Member, as well as being a member of GRESB's Australian Benchmarking Committee and industry working groups. Dexus is an active spokesperson for the initiative and maintains a direct working relationship with GRESB's Asia-Pacific office. Dexus actively contributes to property related discussions and assisted with prepared papers and joint statements. Dexus report its performance annually and attends results events.

- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a member of the IGCC and participates in its Property Working Group. Through this working group, Dexus actively contributes to property related discussions and assists IGCC with understanding and progressing key investor issues relating to property risk management. Dexus provides general support for the initiative in various non-public forums.

- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Green Building Council of Australia

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Green Building Council of Australia (GBCA) is a national, not-for-profit organisation whose key objectives are to drive the transition of the Australian property industry towards sustainability by promoting green building programs, technologies, design practices and operations as well as the integration of green building initiatives into mainstream design, construction and operation of buildings. Dexus is a member of the GBCA and actively supports the GBCA's aims and its Green Star building rating methodologies. Dexus supports the GBCA as follows:

- Assisting with prepared papers and joint statements
- Acting as an active spokesperson
- Supporting to some degree in leadership and/or in preparation of documentation
- Contributing to the organisation or content of events organised by the group
- Providing general support for the initiative in various non-public forums

Dexus rates key development projects using the Green Star rating tools, and was a participant on the working group that developed the Green Star Performance methodology.

- Other collaborative organisation/initiative, specify

Property Council of Australia

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Property Council of Australia (PCA) is the leading advocate for Australia's biggest industry - Property. The majority of Australia's major investors, property owners and developers - as well as the industry's professional service and trade providers - are members.

Dexus is a corporate member of the PCA and plays a leading role in progressing group initiatives regarding advocacy, policy positions, market analysis.

Darren Steinberg, Chief Executive Officer serves as one of the PCA's Board of Directors. Dexus maintains extensive representation across various PCA committees with 31 Dexus team members participating in committees, roundtables and working groups.

Mr Steinberg, is a foundation member of Property Male Champions of Change which was established in 2015 to drive greater gender equality in the property industry and increase the number of women in leadership roles.

Mr Steinberg uses his membership to promote gender equality within Dexus.

- Other collaborative organisation/initiative, specify

Better Building Partnerships, City of Sydney

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a founding member of the Sydney-based Better Building Partnerships (BBP). The Partnership aims to develop collaborative solutions and initiatives to overcome sustainability related barriers and achieve substantial improvements in the environmental performance of their buildings.

Paul Wall, Head of Sustainability and Energy, is Chair of the Leadership Group that forms the strategy for the Better Building Partnerships initiative.

Dexus also is a member of four BBP technical working groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking. It is through these working groups that the BBP's solutions and initiatives are implemented. Dexus is a regular attendee and assists with developing BBP's position on a range of issues. Dexus also acts as an active spokesperson.

- Other collaborative organisation/initiative, specify

SG 10

Mandatory

Public

Core Assessed

PRI 4

SG 10.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

SG 10.2

Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

The Dexus Research team actively monitors market trends and communicates information to tenants, investors and the media to support responsible investment decisions and identify risks and opportunities relating to investments and their local markets.

During FY17, Dexus held periodic briefings (or Information Sessions) for tenants and investors regarding property markets as well as presenting its forecasts at half yearly investor presentations. Tenants and investors are Dexus's major stakeholders and it is important to keep them informed of property and leasing trends, as well as an overview of what is happening in the market.

Dexus's Head of Research maintains an active involvement with the Property Council of Australia as a presenter at the Property Council Academy Property Investment and Finance course. In addition, Dexus has a representative on the Course Committee playing a leading role in developing course content, overseeing the running of courses and determining the outcomes of courses held. Dexus is in a position to leverage its expertise and that of its staff to supply course content.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Provided financial support for academic or industry research on responsible investment

Description

Each year the University of New South Wales awards the '1 Bligh Street Master of Architecture Final Year Prize in Sustainable High-rise Architecture' for the best performance in a building scheme that demonstrates design excellence in multi-storey design with an emphasis on passive heating and cooling techniques.

The prize was created from the €50,000 prize money awarded to the owners of 1 Bligh Street in Sydney for the prestigious International High-Rise Award in 2012. Dexus is proud to play a role in promoting future sustainable design in Australia.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

Dexus encourages better transparency and disclosure of responsible investment practices by adopting a walk-the-talk approach. Dexus responds annually to several investor surveys and standards, publishes research papers, and formally discloses its performance each year in accordance with the GRI framework. In November 2016 Dexus sponsored an award at the Australian CDP Climate Change awards, which encourages companies to improve their transparency and disclosure of climate change risk and performance.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Spoke publicly at events and conferences to promote responsible investment

Description

During FY17 members of the Dexus research team spoke publicly at a number of industry events and conferences. These speaking engagements focused primarily on investment trends, market trends, and the various risk management issues, including ESG issues, associated with responsible investment and property management.

Members of Dexus also had the opportunity to present to broader stakeholder groups on various aspects of responsible investment and property stewardship including facility management events, investor gatherings and conferences.

At these events, Dexus team members participated in panel discussions and fielded questions incorporating financial, economic and sustainability issues.

2017 examples include:

- A variety of speakers presented at numerous Property Council of Australia events including topics such as the market outlook, emerging trends and future directions for the property sector
- In April, Paul Wall, Head of Sustainability and Energy presented at a GBCA members evening on the association's carbon positive roadmap
- Deborah Coakley, EGM Funds Management (and former EGM of People and Culture) presented to CoreNet Australia on the topic of building a productive culture, and to the Women in Property Leadership Summit on inspiring female leaders
- Claire Hashman, Legal Counsel, presented to various industry associations on the Better Building Partnership's Gold Lease Standard and Dexus's Simple and Easy lease
- Dan Cook, Head of People and Communities, presented to The Diversity Collective on diversity and inclusion at Dexus

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Wrote and published in-house research papers on responsible investment

Description

Sound investment decisions require an in-depth understanding of real estate markets and Dexus's in-house research team is an integral part of the investment decision making process. Research tracks economic conditions and forecasts real estate market performance in all major commercial, retail and industrial property markets nationwide.

Dexus publishes regular reports concerning market trends and risks/opportunities that may affect investment decisions. It is uncommon for property management companies to disclose their research, and Dexus sees its willingness to keep stakeholders informed of market trends as a key point of differentiation in its approach to responsible investment.

Further information regarding Dexus Research and copies of recent reports can be found at: <http://www.dexus.com/investors/all-news-and-media/dexus-research>

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media

Description

During the year Dexus launched our new online thought leadership hub Prism, providing insights and information as a resource for Dexus customers. Prism contains links to articles, research and videos on a wide array of topics. Customers are encouraged to use this information resource on a regular basis and invited to subscribe to updates.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

A member of PRI advisory committees/ working groups, specify

Description

During 2017 Rob Sims, Sustainability Manager, was a member of the PRI's Assurance Working Group, assisting in advising on how the PRI may proceed with introducing assurance requirements and/or other confidence building measures for its signatories.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

Dexus is a founding member of the Sydney-based Better Building Partnerships (BBP). The Partnership aims to develop collaborative solutions and initiatives to overcome sustainability related barriers and achieve substantial improvements in the environmental performance of their buildings. Paul Wall, Head of Sustainability and Energy, is Chair of the Leadership Group that forms the strategy for the Better Building Partnerships initiative.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Other, specify

No

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

During the year, Dexus implemented several responsible investment actions and initiatives. Customer related initiatives included:

- Launching an experience which Dexus calls Workspace Dexus that is designed to provide flexibility and make working simple and easy for its customers. Workspace Dexus has been developed following extensive customer engagement and will continue to evolve into the future.
- Opening Dexus Place at 1 Farrer Place in Sydney, expanding Dexus's customer offering for flexible, on-demand meeting, training and event facilities.
- Launching Childspace to assist customers access childcare, and grew Dexus's car parking and sharing solutions.
- Delivering 12 new retail centre websites creating a more engaging online experience for Dexus's communities. Utilising social media platforms to connect with local communities daily, driving greater participation and conversations.

From a people perspective, Dexus celebrated several key achievements as Dexus journey towards creating a flexible, diverse and inclusive workplace, including:

- Achieved gender pay equity in like for like roles
- Continuing to champion gender equality, with its CEO actively involved in the Property Male Champions of Change program
- Embedding wellbeing into its culture, driven by Dexus's Wellbeing Communities
- Highlighting the key issue of domestic violence through the launch of Dexus's Domestic Violence Leave Policy

Dexus continues to invest in the communities in which it operates. In FY17 Dexus contributed a total of \$726,501 in community investment through employee volunteering programs, in-kind support and corporate donations.

- This year Dexus continued its support for the Sydney Children's Hospital Foundation through Dexus Diamond Week, along with other community charities.
- Dexus is proud to support these and other charitable organisations that focus on the health and wellbeing of its communities.
- Dexus's products and services suppliers form another important community. In FY17 Dexus reviewed its strategic procurement strategy, and moving forward Dexus aim to better leverage its size and scale to procure smarter with a long term view.
- Dexus commenced an assessment of its supply chain risks to understand the inherent upstream environmental, social and governance 'hot spot' supply commodities within its property life cycle.

In FY17 Dexus continued to create sustained value in leading Australian cities by:

- Activating precincts and providing open public spaces servicing the community
- Collaborating with industry, Dexus's peers and local governments to build and promote sustainability initiatives and projects
- Celebrating Dexus's cities as cultural destinations through local events and festivals

Outsourcing to fiduciary managers and investment consultants

SG 12

Mandatory

Public

Core Assessed

PRI 4

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 13.1 Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.

- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We consider scenario analysis that includes factors representing the investment impacts of future climate-related risks and opportunities

Is this scenario analysis based on a 2°C or lower scenario?

- Yes
- No
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

**SG SG
13.1a CC**

Please describe the resilience of your organisation's strategy, considering different future climate scenarios.

Strategy affected	Changes to strategy	Description of scenario and time-horizon	How analysis has been used
1) Acquisitions strategy – geographical analysis 2) Property energy efficiency	1) Acquisitions strategy has enhanced to include review and assessment of property risks including risk of severe storms, flooding, bushfires, arising from forecast long-term climate change effect. 2) Property energy efficiency: Dexus is evaluating post-2020 portfolio-level energy and emissions reduction targets, and expanded Dexus's view to evaluate the potential for renewables	1) Portfolio-level climate change risk modelling reviewed physical property risks against the IPCC's AR5 RCP8.5 scenario (likely worst case scenario) using 2030 and 2070 time horizons. 2) Energy use and price modelling out to 2030 with comparison against sector decarbonisation required consistent with 2 degrees warming against pre-industrial levels.	1) Analysis has informed overall level of physical risk and nominated most at-risk sites and hotspots. Formal review is now included in the acquisitions due diligence checklist, and investment opportunities in high risk properties are either abandoned or undergo appropriate adaptation planning. 2) Analysis has been used to align targets with science-based outcomes required to avoid most serious climate-change effects. New targets will drive capital expenditure investment and implementation of 'smart building' technology solutions .

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

Research activities

Dexus's in-house Research team identifies and analyses key 'megatrends' that affect the property sector. Recently identified social and environmental issues include mobile connectivity, rising standards of living, offshore economic demands, and Australia's ageing population. Research reviews a wide-array of local, regional and national datasets to identify and assess the impacts of such trends.

Climate change risk analysis

Dexus has conducted a qualitative portfolio-wide assessment of climate change risk, incorporating medium and long-term greenhouse gas emission scenarios from the 5th IPCC report as well as climate projections from the CSIRO and the NSW Office of Environment and Heritage (OEH).

Dexus reviewed property-specific scenario data including flood maps, and likely frequency and intensity of bushfires and tropical storms to assess each property and identify hotspots in each geographical market. The study will be used to inform future investments and establish mitigation plans for existing investments.

Climate Modelling

Dexus has conducted bottom-up emissions modelling to map our track record over the last 10 years in achieving energy efficiency goals, and to map the decarbonisation required for Dexus to play its part in limiting global average temperature increases to below 2 degrees by 2050, measured against pre-industrial levels.

Communication

SG 19

Mandatory

Public

Core Assessed

PRI 6

SG 19.1

Indicate whether your organisation proactively discloses asset class specific information. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Property

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
- No

Disclosure to public and URL

Disclosure to public and URL

- ESG information on how you select property investments
- ESG information on how you monitor and manage property investments
- Information on your property investments' ESG performance
- Other

Frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested

URL

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability>

URL

<http://dexus2017.reportonline.com.au/>

Disclosing ESG-related information about pre-investment activities (screening, due diligence and investment decision)

As part of its 2017 submission to the United Nations on its Principles of Responsible Investment (UNPRI) Dexus disclosed the due diligence process undertaken when acquiring new properties. Dexus addresses climate change and sustainability risks of a potential acquisition before purchase through a rigorous due diligence process. This process requires details on the potential acquisition's environmental performance including NABERS Ratings, Green Star ratings, energy and water consumption any climate change impact research or assessments that have been conducted, building upgrade and improvement plans, past energy and water audits undertaken as well as costing required upgrades to the property in line with proposed site performance targets. The building performance will affect Dexus's procurement decision and investment strategy, both in the short and long term.

Disclosing ESG-related information about how existing property investments are managed (investment monitoring, active ownership and exits)

As part of its 2017 submission to the United Nations on its Principles of Responsible Investment (UNPRI) Dexus disclosed the process of the management of existing property investments by Dexus. Dexus's Board Risk Committee receives quarterly reports on the results of companywide and property specific assessments and monitors progress in line with action plans developed by line management.

Disclosing ESG-related information about ESG performance

Dexus discloses its ESG related information primarily via the sustainability section of its corporate website (<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability>). Each year Dexus prepares an Annual Report and Performance data pack, in which Dexus discloses Environmental, Social and Governance performance as well as key performance indicators under the Global Reporting Initiative (GRI) standard. Within the Performance data pack, Dexus discloses environmental performance at an organisation level, across key stakeholder groups. Additional data for key environmental metrics such as greenhouse gas emissions, energy and water use, is provided by fund and property type, as well as the current NABERS ratings for each rated property.

Please refer to both documents for further information (links provided below).

Frequency

Most ESG-related performance indicators are reported on an annual basis however environmental performance is reported on a quarterly basis within the quarterly investor updates for third party funds that are managed by Dexus.

Non-disclosure

Dexus does not hold any mandates that preclude the public reporting of ESG information as part of corporate summaries.

For further information:

- The 2017 Performance Pack is available at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance>
- The 2017 Annual Report is available at: <http://dexus2017.reportonline.com.au/>
- The 2017 UNPRI Transparency Report can be found in the Dexus CR&S library <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/crs-library>

Overview

PR 01

Mandatory

Public

Core Assessed

PRI 1-6

New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 01.1

Indicate if your organisation has a Responsible Property Investment (RPI) policy.

 Yes**PR 01.2**

Provide a URL or attach the document

 URL<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-approach> Attach Document

2017 Dexus Disclosures on Management Approach.pdf [544KB]

 No**PR 01.3**

Provide a brief overview of your organisation's approach to responsible investment in property, and how you link responsible investment in property to your business strategy.

The Dexus Board sets the tone, culture, and risk and compliance management objectives at Dexus. Responsible investment is encapsulated and integrated within strategies, policies and procedures that are implemented and monitored by a structured governance process.

Dexus board (<http://www.dexus.com/who-we-are/our-business/corporate-governance/board-policies>) and corporate (<http://www.dexus.com/who-we-are/our-business/corporate-governance/corporate-policies>) policies incorporate responsible investment and together form the set of requirements under which Dexus and its employees conduct business and maintain governance. Relevant policies include:

- Director's and employee codes of conduct
- Diversity principles and diversity target
- Biodiversity policy
- Environmental statement
- Continuous disclosure
- Whistleblowing reporting
- Risk management
- Sustainable procurement
- Human rights

Through Dexus's Risk Management Framework, risks are identified and managed in a consistent, systematic, credible and timely way to minimise the impact of unexpected and undesirable events and to provide the ability to consider opportunities as they arise.

This framework is built into Dexus's daily operations via accountabilities, standard operating procedures, tools and templates, management oversight, collaboration/knowledge sharing, and audit/assurance.

Dexus's Sustainability Approach (<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-approach>) incorporates the UNPRI 'six principles' within its goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across our value chain". It forms the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Fundraising of property funds**PR 02****Mandatory****Public****Core Assessed****PRI 1,4,6**

PR 02.1

Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

PR 02.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes

PR 02.3

Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

Dexus periodically undertakes capital/fund raising activities for various funds across the Group, including adding capital to its third party wholesale funds management business on a selective basis.

Capital raising activities

Examples of capital raising activities undertaken by the Group include:

Dexus listed property portfolio

Dexus's capital raising activities across its listed portfolio include:

- In July 2017 Dexus raised \$315 million of new capital markets debt on average terms of 8.2 years
- In June 2017 Dexus successfully completed a \$500 million institutional placement to fund recent acquisitions
- Dexus raised A\$653 million in the US Private Placement market. All prospective Private Placement investors were issued with a Private Placement Memorandum (PPM) in which it describes in detail its responsible investment approach in regard to Governance, Management as well as Corporate Responsibility & Sustainability

Dexus Wholesale Property Fund (DWPF)

In March 2017, DWPF completed a \$250 million equity raising via existing investors for DWPF to fund acquisitions and fund committed developments.

DWPF Information Memorandum

Dexus Wholesale Property Fund (DWPF) conducts fundraising when approached by potential investors, or by approaching the capital market directly on an infrequent basis. DWPF provides all prospective investors with a detailed Information Memorandum in which DWPF describes in detail its responsible investment approach in regard to:

- Understanding investment risk
- Sustainability
- Governance and management

Within this content DWPF:

- outlines the elements of its responsible investment framework
- provides investors with an insight into the key investment decision makers
- provides examples of its track record regarding pre-investment decision making and post-investment management practices

On occasion, DWPF fields requests for additional clarification from investors to which it responds directly.

DWPF Reporting

DWPF prepares and distributes quarterly reports to wholesale investors. These reports include:

- Site performance metrics, financial performance summary for the last quarter, comparison against benchmarks and commentary
- Summary of key events that have occurred and their impacts on the portfolio (i.e. acquisitions, divestments, developments, etc.)
- DWPF prepares and distributes annual reports to wholesale investors. These reports include the above information, plus:
- Sustainability performance summary including current NABERS ratings
- Intensity figures for energy, water and greenhouse gas emissions
- Commentary regarding current efficiency improvement projects and results from completed projects

Secure Investor Website

DWPF also provides existing and potential investors with access to a secure investor internet portal which contains additional information to support investment decision making. This includes:

- Quarterly performance reports which include reporting of sustainability metrics and commentary
- Documents describing governance processes

Links to Dexus's Sustainability Approach <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability> under which DWPF is managed.

- No
- Not applicable as our organisation does not fundraise

Pre-investment (selection)

PR 04	Mandatory	Public	Gateway/Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 04.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.
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- Yes

PR 04.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.
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Investment Committee

Dexus's Investment Committee is tasked with reviewing all investment and divestment proposals concerning Dexus and each of its managed funds and clients.

The Investment Committee recognises its fiduciary duty to put aside personal interest in favour of client interests. This committee uses a formal process and templates to collect and evaluate a wide range of risks, opportunities and their impacts relating to investment decisions for consideration prior to approving or endorsing each investment decision.

ESG issues and their impacts are evaluated alongside other key investment metrics thereby ensuring that CR&S issues are incorporated into investment decisions. This includes reviewing long-term asset plans and conducting appropriate environmental due diligence on acquisitions and disposals so that ESG risks can be identified and effectively managed.

A typical process for selecting investments is described below, noting how ESG issues are considered within each step where applicable.

1. Opportunities arise - Dexus actively seeks opportunities through on-market campaigns and also engages with vendors off-market (either directly or indirectly)

2. Initial investigation and presentation of opportunity to Investment Committee - Potential opportunities undergo high level investigation (stage 1 due diligence) regarding key financial and ESG metrics (such as current NABERS rating), and the purchase strategy (e.g. buy and hold versus trading). This may summarise current building performance and its potential for building efficiency upgrades. Immediate risks (e.g. known flood risk, hazardous materials, previous history of earthquakes) are considered at this time, and then comprehensively during due diligence. The outcomes are summarised for review by the Investment Committee
3. Investment Committee decides to proceed with due diligence - the Investment Committee evaluates the opportunity summary and either decides to proceed or makes a recommendation to proceed (in the case of third party funds) based on the size of the investment
4. Conduct detailed due diligence - Dexus has a rigorous due diligence process. Opportunities that pass the initial recommendation and enter into a period of exclusivity with the vendor undergo formal due diligence that involves in-depth investigations into a wide range of issues and factors that will influence the final decision and/or parameters of the transaction. During this process, the Transactions and Trading team brings in experts from across the business in the areas of tax, finance, sustainability, property services, legal, and treasury, to conduct testing and review of documentation. External resources may be engaged to assist with providing information or perspective where required. This may involve details on the potential acquisition's environmental performance including NABERS ratings, Green Star ratings, energy and water consumption any climate change impact research or assessments that have been conducted. Following the results of stage 1 technical due diligence, the Investment Committee may approve further testing and analysis including but not limited to intrusive ground well boring and soil samples, reviewing building upgrade and improvement plans, past energy and water audits undertaken as well as costing required upgrades to the property
5. Preparation of Investment Committee and Board papers (pre-finalisation of due diligence) - The Investment Committee appoints a Due Diligence Committee (DDC) to verify and approve, where appropriate, the outcomes of the due diligence once finalised
6. The Investment Committee finalises its recommendation on whether to proceed to the Dexus Board or the Board of the third party client

This process is documented in detail and supported by tools and checklists (such as the due diligence checklist). The use of checklists serves several purposes including:

- Ensuring a consistent approach and that all known items are considered; don't forget items
- Roadmap - an effective handover document
- Compliance checklist - to confirm that staff have followed the entire process

It must be noted that the process/checklist can't always cover every eventuality/issue as some are very site specific, including ESG issues. These are typically identified and resolved via a combination of skills and experience from the due diligence team, and the thoroughness of the due diligence process itself.

These processes have emerged over recent years and continue to evolve. The Transactions and Trading team works with the Risk and Compliance team to map the process. Governance is maintained and tested via internal and external audit.

PR 04.3

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.

ESG issues

- Environmental

List up to three typical examples per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

Description [OPTIONAL]

Building environmental performance including energy/water efficiency, NABERS ratings, etc.

List up to three typical examples per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

Description [OPTIONAL]

Land issues – contaminated land, listing on environmental register, affections, etc.

List up to three typical examples per E, S and G issue

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other

Description [OPTIONAL]

Hazardous waste and other types of pollution

- Social

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Description [OPTIONAL]

Town planning and urban renewal ambitions

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Description [OPTIONAL]

Compliance with the Disability Discrimination Act and Building Code of Australia relating to universal access

List up to three typical examples per E, S and G issue

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Description [OPTIONAL]

Occupational health and safety, and wellbeing of building staff and tenants/customers

- Governance

List up to three typical examples per E, S and G issue

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

Description [OPTIONAL]

Existing contracts and service agreements, compliance with authorisations and licenses, and legal disputes

List up to three typical examples per E, S and G issue

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

Description [OPTIONAL]

Tenancy lease agreements, tenant solvency, rent arrangements, rental arrears, etc.

List up to three typical examples per E, S and G issue

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

Description [OPTIONAL]

Existing and required Insurance coverage and risk assessment

No

PR 04.4 Additional information. [Optional]

Dexus implements a robust property risk management program to appropriately manage hazards and risks relating to personal health and safety, building safety, environmental, security and insurance risk. Dexus maintains a comprehensive audit program across its properties to assess building risks, and compliance with standards, regulations and certifications. The process involves the following as required: physical site inspections, risk assessment workshops, research and use of external benchmarking data, discussions with tenants/suppliers/contractors/regulators, collection and analysis of operational data.

The Dexus Risk and Compliance team manages the property risk audit program. Facility Managers are responsible for implementing the audit checklist at their property, including engaging external consultants and risk assessment professionals to undertake specific studies/investigations/reviews of specified processes/systems, areas or equipment.

Dexus tracks its audit program using Periskope, an online property risk management and auditing tool developed by Dexus to enable systematic and rigorous property risk profiling. It is a single point of access for tools and data assisting in property risk management.

The outcomes of sustainability risk assessments are documented in Property Risk registers and are actioned to reduce environmental and social risks to ensure occupant safety and comfort, maintain compliance with standards, regulations and certifications. Property risk registers are regularly reviewed and risk assessment outcomes are also used as input to Dexus's insurance program. Results from risk assessments and property risks are also reviewed within the context of developing or enhancing corporate policies or management systems. Recently this has led to the development of new forms/checklists and audit criteria.

PR 06	Mandatory	Public	Core Assessed	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 06.1

Indicate if ESG issues impacted your property investment selection process during the reporting year.

- ESG issues helped identify risks and/or opportunities for value creation
- ESG issues led to the abandonment of potential investments
- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 06.2

Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 06.3

Additional information.

Evaluation and decision making/recommendations regarding ESG issues are conducted via a screening process and are the responsibility of the Investment Committee. This committee utilises the due diligence process to identify ESG issues within commentary during the selection process as:

- Material issues that will lead to the abandonment of the potential investment
- Less significant issues, risks and opportunities that impact the decision and/or the investment price, or the terms of sale
- Insignificant issues that will not impact Dexu

The Investment Committee analyses the information presented and adopts a combined Negative/exclusionary vs. Positive/best-practice screening process to reach one of the following conclusions:

- The potential investment is unaffected by ESG issues and can be evaluated against remaining criteria
- A material ESG issue has emerged and the potential investment must be abandoned
- Mitigation and/or management of identified ESG issues/opportunities is factored into the deal and/or post-investment management plan and the deal can be evaluated against remaining criteria
- Further investigation is required to fully understand a potential ESG risk or opportunity and as such a decision is withheld

Experience has shown that ESG issues will impact nearly all investment decisions however the types of impacts and their significance vary case by case.

During FY17 the Investment Committee evaluated a number of potential investments, some of which included ESG issues that influenced the decision to proceed or affected the purchase price and/or the purchase agreement. Examples include:

- Carillon City, Perth - The property represented a value add opportunity that provides exposure to the tightly held Perth city retail market. There is opportunity to improve energy performance, through operational efficiency in the short term and redevelopment over the medium term.

- MLC Centre, Sydney - An iconic landmark in the heart of Martin Place, with potential development and redevelopment opportunities in the medium term.
- 100 Harris Street North Sydney - Dexus acquired the heritage office property following a major refurbishment, and exposures Dexus to the Pyrmont office precinct, a location with strong appeal to technology orientated customers. There is further potential to improve environmental performance through onsite renewables.
- The Mill, Alexandria in South Sydney - Dexus acquired the property which consists of boutique office accommodation containing various buildings, new and repurposed heritage buildings following a review of impacts from active infrastructure and urban renewal in surrounding precincts
- For a North Sydney property Dexus identified hazardous materials in a potential property asset, consequently Dexus negotiated within its terms of sale for the vendor to remediate the hazardous materials and provide certification of its completion.
- For two healthcare assets, during the due diligence process concerns regarding facility design and future viability of the hospital operator resulted in a withdraw from the bidding process.

Dexus is continually improving the way in which we conduct our due diligence when acquiring new assets. For example, Dexus is moving towards proactively identifying flammable facades and combustible cladding as a part of the due diligence scope.

Selection, appointment and monitoring third-party property managers

PR 07	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 07.1

Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.

Yes

PR 07.2

Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

Selection process of property managers incorporated ESG issues

Types of actions

- Request explanation of how ESG is effectively integrated, including inquiries about governance and processes
- Request track records and examples of how the manager implements ESG in their asset and property management
- Discuss property level out-performance opportunities through greater integration of ESG criteria
- Request explanation of engaging stakeholders on ESG issues
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- >25% to 50%
- >0% to 25%

Contractual requirements when appointing property managers includes ESG issues

Types of actions

- Include clear and detailed expectations for incorporating ESG
- Require dedicated ESG procedures in all relevant asset and property management phases
- Clear ESG reporting requirements
- Clear ESG performance targets
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- >25% to 50%
- >0% to 25%

Monitoring of property managers covers ESG responsibilities and implementation

Types of actions

- Performance against quantitative and material environmental / resource targets over specified timeframe.
- Performance against quantitative and material environmental / resource targets against relevant benchmarks
- Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment,
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- >25% to 50%
- >0% to 25%

No

Dexus directly manages over 90% of properties that are owned directly or where Dexus acts as an investment manager on behalf of third party investors. In these cases, Dexus acts as the Investment and Property Manager, with Facility Management conducted internally or via a third party Facility Manager engaged by Dexus. The remainder of sites consist of co-owned properties where one of two situations occur:

7. The co-owner and Dexus have agreed that the co-owner is best placed to manage the property
8. Dexus acquires a part-interest in a property with an existing property manager that is retained. In these cases Dexus reviews the Property Management Agreement to ensure it aligns with Dexus policies and procedures including its Environment Policy.

Selection and contracting third party property managers

Dexus does not actively tender for third party property managers as this is a core function within Dexus.

Should this be required in the future, Dexus would apply its Tendering Policy and structured procurement procedures, which includes the consideration of ESG issues across the qualification, tendering, evaluation and contracting phases.

Through this process bidders' submissions are evaluated in regard to:

- Capacity to deliver services
- Technical ability
- Conformity with contractual terms
- Cost
- Performance risk
- Corporate responsibility and sustainability, including their commitments to addressing environmental and social issues such as labour standards, anti-bribery and corruption, respect for human rights and care for the environment

Tenderers are provided with the Dexus Sustainable Procurement Policy and Supplier Code of Conduct.

Dexus works with the successful bidder to finalise terms and conditions and execute the Property Management Agreement. This includes agreement on performance monitoring mechanisms and key performance indicators.

Property Management Agreements may include contract clauses, agreed service levels and performance KPIs that focus on addressing compliance issues and maximising performance with regard to ESG issues. Examples may include:

- Adhering to Dexus policies and procedures including its Sustainable Procurement Policy, Work Health and Safety Policy, and Environment Statement
- Cooperating with Dexus to meet its ESG related legal compliance obligations including data provision for regulatory reporting, conducting environmental and risk management audits, maintaining a safe working environment, monitoring equipment (e.g. cooling towers) for compliance where required
- Agreed performance KPIs linked to performance payments including maintaining building efficiency in line with Dexus target expectations, or rewarding sustainability innovation

Monitoring third party property managers

Dexus monitors the performance of third party property managers by collecting and analysing building performance data including historical energy/water/waste data, NABERS ratings, Strategic Improvement Plans and Asset Plans specific to each property.

Investment Managers also maintain an active dialogue with third party property managers.

Overview

PR 08

Mandatory

Public

Gateway

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 08.1

Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.

Yes

PR 08.2

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- We consider ESG issues in property monitoring and management
- We consider ESG issues in property developments and major renovations.
- We consider ESG issues in property occupier engagements
- We consider ESG issues in community engagements related to our properties
- We consider ESG issues in other post-investment activities, specify

PR 08.3

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

Property monitoring and management

Monitoring

An extensive data collection, monitoring and reporting system provides visibility on performance trends from corporate level down to individual buildings, meters and sub-meters. Dexus has a group-wide overview of the performance of each property through a resource consumption database monitoring and reporting, and real-time metering systems. Dexus engages an independent outsourced bill validation specialist to collect and validate utility invoices and populate data into the resource consumption database.

Building managers can access monthly trend reports, and interval and sub-meter systems for detailed consumption data.

NABERS energy and water ratings are tracked, and portfolio average ratings are monitored against Dexus's 5-star Energy and 4-star Water NABERS targets.

Dexus also conducts Green Star Performance ratings for eligible buildings to benchmark performance.

Reporting

Dexus reports internally senior management committees and the Board Risk Committee on portfolio performance in terms of energy, water, waste, and greenhouse gas emissions.

As part of Dexus's annual reporting suite, our 'Performance Pack' contains detailed analysis of the Group's managed portfolio across a range of metrics and corresponding with FY17 commitments. The FY17 Performance Pack is located at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance>

Dexus communicates ESG targets and performance to tenants via online tenant portals, building waste and recycling road shows, annual Earth Hour campaign, Green Building Committees and tenant events.

Management and feedback

Dexus's Sustainability team works directly with third party property managers to continually monitor and review building performance. Fortnightly meetings cover a comprehensive agenda focused on all operational aspects relating to ESG. Performance trends are reviewed, anomalies identified, and Dexus requirements are communicated to the third party manager for dissemination to building managers to act upon.

Projects and initiatives

Dexus conducts periodic engineering assessments of its properties and develops and maintains a Strategic Improvement Plan for each property. The Dexus sustainability team works directly with third party property managers to implement projects and measure improvements in performance.

Dexus seeks project implementation funding where available. Dexus also participates in the NSW Energy Savings Scheme and generates Energy Savings Certificates based on demonstration of electricity reductions due to energy efficiency projects. These certificates are traded to realise extra funds for repaying projection implementation capital costs and for use in further building works.

Innovation and technology

We constantly review and evaluate new technologies, equipment vendors, and ideas to improve operations to identify practical and cost-effective ways to maintain continuous improvement as innovative approaches can be an effective market differentiator. In FY17 Dexus rolled out analytics software across 44 building control systems to identify maintenance and energy cost savings.

Developments and refurbishments

Dexus is committed to developments that drive emission reduction e.g. designing and building market leading Green Star properties both in the office and industrial sectors. Dexus's recently completed developments at Kings Square, Perth, 480 Queen Street, Brisbane and 5 Martin Place, Sydney have achieved a minimum 5 star Green Star Design rating. From these, Kings Square 2 in Perth and 5 Martin Place Sydney have achieved NABERS energy ratings of 5-stars or higher. In industrial, Dexus continues to ensure all new developments and refurbishments incorporate ESD initiatives such as:

- minimising water use via native landscaping
- Onsite rainwater harvesting for landscape irrigation and for plumbing purposes
- Investigating warehouse roof spaces for solar power generation
- Installing best-practice lighting systems in vacant tenancies
- Taking a long term approach to core properties including implementing major HVAC upgrade projects with long paybacks at core properties

Dexus presents Green Star opportunities to all tenants it engages with on industrial new builds. Refurbishments, energy retrofits and tenant make goods consider energy efficiency and environmental impacts from products and services.

Property occupier engagements

Dexus's approach to tenant engagement is reflected within its ESG strategy and Sustainability Approach. Dexus interacts with its tenants in a number of ways in its office, industrial and retail sectors, including:

- Tenant surveys
- Tenant and centre newsletters
- Regular tenant meetings
- Social events
- Waste education programs
- Tenant Service Request system for office and industrial properties
- Rooftop solar photovoltaics to generate onsite renewable electricity

Tenants are surveyed each year on a range of issues to help Dexus engage and gather feedback to better understand tenant priorities and key issues.

Tenants can provide direct feedback on issues relating to comfort via the Dexus Response Centre (DRC).

Dexus works closely with tenants and other stakeholders to improve the tenant's sustainability performance and awareness.

FY17 activities included:

- Collaboration with City Switch, a national tenant energy efficiency program, both as a signatory and an owner to drive tenant activity in sustainability and energy efficiency
- Trial of a whole building approach to NABERS ratings at 44 Market Street, Sydney, where the base building and tenancies were assessed concurrently as a way to increase focus and take up of tenancy ratings

- Promotion of Dexus's green building programs, including the 2017 Earth Hour campaign, ongoing NABERS Energy and NABERS Water ratings and general building sustainability performance and updates

Green leasing

Through 'green leasing', Dexus seeks joint commitment from tenants to participate in building efficiency initiatives and collaborate where necessary to strive to achieve building performance targets.

Dexus, one of the Better Building Partnership's founding members, introduced a Simple and Easy Lease, which incorporates green lease provisions as specified in the BBP's commercial green leasing standard.

Dexus's new lease has achieved a Gold rating under the BBP leasing standard, which is the highest level available. This enables an active partnership between Dexus and tenants and seeks to deliver better environmental outcomes and reduce outgoings.

Community engagement

Dexus monitors and publicly reports on community engagement and volunteering hours as well as in-kind donations from its retail and office platforms.

During FY17 Dexus staff devoted over 850 hours to volunteering to support organisations providing accommodation and improved living conditions to the homeless and those less fortunate.

Dexus donated more than \$750,000 in financial and in-kind support to community groups and charities. Dexus's support for the community extends to charitable organisations that provide accommodation solutions to a wide range of individuals who may be less fortunate.

No

Property monitoring and management

PR 09	Mandatory	Public	Core Assessed	PRI 2,3
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 09.1	Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.
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- >90% of property assets
- 51-90% of property assets
- 10-50% of property assets
- <10% of property assets

(in terms of number of property assets)

PR 09.2	Indicate which ESG targets your organisation and/or property managers typically set and monitor
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- Environmental

Target/KPI	Progress Achieved
<p>Deliver 1,000,000sqm of office space rated at least 5-star NABERS Energy rating and 1,000,000sqm rated at least 4-star NABERS Water rating by 2020</p> <p>Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables</p> <p>Consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, actively identifying charities and markets for re-use and increasing waste diversion</p>	<p>On track with over 600,000sqm at 5-star NABERS Energy rating and 4-star NABERS Water rating at 30 June 2017.</p> <p>Dexus achieved a 4.9% reduction in energy consumption and a 7.1% reduction in Scope 1 and Scope 2 greenhouse gas emissions against FY15 like-for-like baseline.</p> <p>Adopted BBP strip-out waste guidelines and completed eight de-fit projects diverting all the furniture and computer appliances bound for landfill and donated them to charity</p>

Social

Target/KPI	Progress Achieved
<p>Expand Dexus's online tenant portal to all Dexus managed office properties, creating a virtual ecosystem for networking and commerce</p> <p>Continue to target 33% female participation in Dexus Board and senior management by 2017</p> <p>Target a tenant satisfaction score of 8 out of 10 in office tenant surveys</p>	<p>Implemented 35 Workspace portals across the platform, growing our Dexus community to more than 25,000 active users.</p> <p>For FY17 achieved our target of 33% female representation for Senior Managers, with strong diversity at the Board level with 43% female non-executive directors.</p> <p>In FY17 Dexus achieved a 'satisfaction with service' score of 8.0 out of 10 in its tenant survey across the Group's office portfolio.</p>

Governance

Target/KPI	Progress Achieved
<p>Implement a group procurement strategy and review supply chain risks to create shared value with key suppliers</p> <p>Maintain compliance with the Commercial Building Disclosure Act, providing energy efficiency information when commercial office space above 2000sqm is offered for sale or lease.</p> <p>Deliver 3.5%-4.5% (previously 3.0-3.5%) growth in Underlying FFO per security</p>	<p>Completed a strategic review of procurement including supply chain risks. Implemented a global best practice model with key suppliers including scoping, contracting, sourcing and reporting.</p> <p>In FY17 Dexus recorded no incidents of non-compliance with Commercial Building Disclosure Act or regulations concerning energy efficiency disclosure during property sale or leasing</p> <p>Delivered 4.2% growth in Underlying FFO per security in line with our target and 4.5% growth in distribution per security</p>

We do not set and/or monitor against targets

PR 09.3	Additional information. [Optional]
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Each year Dexus sets, reviews and updates corporate objectives within its responsible investment framework following input from key Dexus stakeholders. FY17 commitments were defined with respect to each key objective of our Sustainability Approach (i.e. Sustained Value, Thriving People, Strong Communities, Future Enabled Customers, Leading Cities and Enriched Environment) and may relate to:

- Setting and achieving operational performance targets such as financial targets or building efficiency benchmarks

- Initiatives to improve collaboration or joint commitment with stakeholders such as suppliers, customers, and industry peers
- Enhancements to processes, governance mechanisms or internal efficiency
- Implementing ESG projects at specific properties within the portfolio
- Broader ambitions to make a material impact on staff, the community and/or the environment

Further information regarding Dexus's FY17 commitments and progress can be found within the Dexus 2017 Annual Reporting Suite available at: <http://dexus2017.reportonline.com.au/performance/delivering-fy17-commitments>

Dexus reports on key environmental commitments every six months and reports comprehensively on all commitments within its Annual Report, in line with requirements to transparently monitor and report performance outlined within Dexus's Environmental Statement.

Dexus maintains an internal monitoring and reporting program to continually review progress against its ESG commitments. Environmental performance is under ongoing review through the following forums:

- Daily monitoring of building consumption trends by Building Managers
- Weekly sustainability team meetings involving stakeholders from Dexus and its managing agent
- Monthly reporting of NABERS ratings activity and tracking of rolling portfolio targets
- Monthly review of energy and water billing data and investigation into adverse consumption trends
- Formal updates to the Dexus Board (via Committees) every quarter.

Dexus measures its success in the following ways:

- Completion of commitment milestones
- Achievement of targets
- Feedback from tenants and customers
- Awards and external recognition
- Inclusion to and rankings within sustainability and leadership indices

Property developments and major renovations

PR 11	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 11.1	Indicate the proportion of active property developments and major renovations where ESG issues have been considered.
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- >90% of active developments and major renovations
- 51-90% of active developments and major renovations
- 10-50% of active developments and major renovations
- <10% of active developments and major renovations
- N/A, no developments and major renovations of property assets are active

(by number of active property developments and refurbishments)

PR 11.2

Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.

- Environmental site selection requirements
- Environmental site development requirements
- Sustainable construction materials
- Water efficiency requirements
- Energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites
- Health and safety management systems at sites
- Construction contractors comply with sustainability guidelines
- Resilient building design and orientation
- Other, specify

PR 11.3

Additional information. [Optional]

Dexus is committed to developing properties that drive emission reduction with a longstanding record in designing and building market leading Green Star properties both in the office and industrial sectors.

Dexus's recently completed developments have achieved a minimum 5-star Green Star Design or As Built ratings. These include:

- **Office:** Kings Square, Perth, 480 Queen Street, Brisbane and 5 Martin Place, Sydney
- **Industrial:** Toshiba at Quarry, Greystanes and Kathmandu at Laverton North

Dexus seeks to use recycled, reused, low carbon and ethically sourced materials.

Dexus has a strong track record in regard to conducting retrofits to buildings to make them more energy efficient and sustainable. Through capital upgrades and operational efficiencies, in FY17 the Dexus office portfolio has achieved the following reductions in energy, water and greenhouse gas emissions intensity against its FY08 baseline:

- 42.2% reduction in energy use intensity
- 23.8% reduction in water consumption intensity
- 44.4% reduction in greenhouse gas emissions intensity

New Development Design Briefs and Refurbishment Scopes of works "Design Briefs"

A design brief is prepared for all new developments and refurbishments in conjunction with a tenant where applicable.

Design briefs describe the scope and nature of the development works and incorporate a range of requirements and minimum standards relating to ESG issues and performance. Each design brief is unique to the development or retrofit however an overarching document is created for each works project for the purposes of tendering and holding contractors to account against a fully documented list of requirements.

Buy-in is sought from prospective tenants and the final brief is agreed before proceeding with construction. Dexus incorporates ESG initiatives into all aspects of the design through the inclusion of sustainable building features (e.g. such as passive cooling, rainwater harvesting) as well as applying minimum standards to equipment and materials (e.g. insulation R-values, WELS ratings for water fixtures).

Underlying Drivers

A range of internal and external drivers exist that drive ongoing investment in building efficiency and managing ESG issues. These include:

- **Improving rental returns** - the desire to reduce operating costs and reduce risk associated with utility prices. Reduced outgoings can mean that Dexus is able to increase profit margins. Evidence has shown that tenants are willing to pay premium rents to occupy the most efficient and sustainable buildings.

- **It makes financial sense** - numerous studies have shown that investments in energy efficient technology are one of the lowest cost ways to reduce greenhouse gas emissions and project investments are paid back through reduced utility and maintenance costs in a reasonable timeframe. This is particularly evident for new designs, in which ESG opportunities can be incorporated at reduced marginal cost.
- **Consumer demand and sentiment** - the leasing market is a competitive one in which tenants often have a choice of buildings to occupy. Increasingly tenants expect that their building perform efficiently to meet their ESG needs and minimise outgoings. For example, government agencies set minimum standards for base building NABERS ratings as a minimum requirement when selecting potential space.
- **Industry leadership** - Taking a leadership position on issues such as responsible investment and applying suitable focus on ensuring that its properties are leaders in their respective markets.
- **Benchmarking and peering** - Green Star and NABERS quickly enables tenants, investors, and the wider community to assess the relative ESG performance of Dexus properties against industry benchmarks.
- **Future proofing** - As part of its long term risk management strategy, Dexus tackles ESG issues and maximises building performance so that its property portfolio is best placed to deal with potential future issues including introduction of environmental minimum standards, taxes or financial penalties associated with resource use and greenhouse gas emissions, new legislation, etc.
- **Attracting and retaining investors** - ESG performance is one of several criteria in which investors allocate funds. Investors that are keen to invest in sustainable companies will refer to stock exchange sustainability indices including DJSI and FTSE4Good to assist them.

ESG standards for contractors

Dexus engages with like-minded suppliers concerning sustainability issues and practices. Dexus communicates its expectations and general ESG requirements to all suppliers and requires each one to operate in line with a Supplier Code of Conduct as well as understand Dexus's procurement requirements and commitments outlined in its Sustainable Procurement Policy.

With each supplier engagement Dexus seeks to ensure that investment considerations:

- Address impact on supply chains and adhere to Dexus's Supplier Code of Conduct including materials, contractors, consultants and other professional services.
- Are in line with recognised and accepted labour and employment practices where that investment results in employment or engagement of suppliers, contractors and professional service providers

Specific standards regarding ESG are agreed with contractors based on the prepared design brief. All work carried out must comply with the brief.

Occupier engagement

PR 12	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

PR 12.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- >90% of occupiers
- 50-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

(in terms of number of occupiers)

PR 12.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Offer green leases
- Other, specify

PR 12.3	Additional information. [Optional]
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Sustainability Guide - Tenant Welcome Pack

Dexus presents new tenants with a 'Tenant Welcome Pack' which introduces them to the features and services of the property in which they have taken up space. This pack contains information about the sustainability features (e.g. water recycling, solar blinds, etc.) and amenities of the building (such as bike racks, change rooms, etc.) that are available. The guide also outlines Dexus's approach to waste management as this is a key area where tenant behaviour directly influences the amount of waste that can be diverted from landfill.

Sustainability Awareness

Dexus has had tenant engagement programs in place since inception and considers the impact its sustainability performance has on tenants and their ESG strategies and aims to deliver financial savings as well as real sustainability savings.

During major building upgrades Dexus actively engages with property management, building operations managers and tenants to present plans, discuss construction activities and seek feedback.

Dexus actively promotes tenant energy efficiency programs such as City Switch to tenants and continues to promote green building committees and programs to engage with tenants. This includes waste and recycling road shows, communications around the Earth Hour campaign and promoting each building's NABERS ratings and building sustainability performance.

Tenancy agreements now include a Green Lease clause as standard. These were included in Dexus new leases and lease renewals. Take up of the green lease clauses was 84% in FY17.

Occupier Events - Earth Hour

Dexus engages with all tenants to encourage them to participate in this annual event. Dexus actively uses this opportunity within its campaign and marketing material to also promote energy efficiency and energy efficiency programs such as City Switch.

Training on waste minimisation

Dexus has partnered with B.I.C. Services, a pro-active cleaning and waste management supplier who is focused on delivering a best-practice outcome across the Dexus managed portfolio. B.I.C. conducts extensive direct engagement with tenants to promote recycling, encourage sustainability awareness, and educate tenants on waste management practices in order to reduce waste to landfill.

'Bin Trim' operational waste assessments

Throughout 2017 Dexus continued to encourage tenants to participate in the 'Bin Trim' program, an initiative from the NSW Environment Protection Authority to help small and medium sized businesses quickly identify simple actions they can take to start cutting waste and boost profits.

Dexus facilitated free assessments for tenants to measure their business waste and provide tailored a report on current diversion practices and opportunities to reduce, reuse and recycle materials.

Feedback on energy/water/waste consumption

Dexus informs tenants of the current NABERS ratings for their building via foyer displays and electronic screens in common areas and lifts. At premium grade buildings, Dexus provides tenants with energy/water consumption data and charts to demonstrate performance trends.

At 1 Bligh St and 123 Albert St, tenant sustainability committees are formed to discuss current performance trends and identify and resolve issues that are leading to adverse trends. For these properties, waste is captured floor by floor and reported to tenants.

During the year, Dexus participated in the trial for a whole building NABERS rating by concurrently preparing NABERS Energy ratings for Dexus's base building operations as well as assessing the performance of individual tenancies, an innovative way to collaborate on sustainability.

44 Market Street Sydney hosted a launch event for the outcomes of the whole building NABERS rating. The building was one of the properties which participated in the trial to understand the feasibility of combined ratings as a value-add service to customers. Over 30 Dexus customers were involved in the trial.

Occupier satisfaction surveys - Tenant Surveys

Tenants are surveyed each year on a range of issues to help Dexus understand how it is performing across a range of metrics. This is a valuable engagement and feedback mechanism to better understand tenant priorities and key issues. The results of tenant surveys are closely monitored to ensure a high level of facility management performance and tenant satisfaction.

Better Building Partnerships, City of Sydney

Dexus is a founding member of the Sydney-based Better Building Partnerships (BBP). The Partnership aims to develop collaborative solutions and initiatives to overcome sustainability related barriers and achieve substantial improvements in the environmental performance of their buildings.

Paul Wall, Head of Sustainability and Energy is Chair of the BBP leadership group, and Dexus is represented in the four BBP technical working groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking.

The tenant engagement working group focuses on collaboration between owners and tenant groups to develop ideas and opportunities relating to tenant-owner relationships and improve sustainability outcomes for office fit-outs and daily operations.

PR 13	Voluntary	Public	Additional Assessed	PRI 2
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PR 13.1	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.
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- >90% of leases or MoUs
- 50-90% of leases or MoUs
- 10-50% of leases or MoUs
- <10% of leases or MoUs
- 0% of leases or MoUs
- N/A, no leases or MoUs were signed during the reporting year

(in terms of number of leases or MoUs)

PR 13.2	Additional information.
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Tenancy agreements include a 'green lease clause' as standard. These are included in Dexus new leases and lease renewals. Take up of the green lease clauses was 84% in FY17.

Dexus has in place a Precedent Lease for office, industrial and retail with sustainability and energy clauses.

Within these clauses Dexus and its tenant each commit to managing and operating the building and premises to promote energy efficiency and minimise the environmental impact of its use and occupation.

In addition the tenant agrees to:

- Cooperate with Dexus to provide data, assist with audits and implement initiatives to reduce resource consumption and increase waste recycling
- Incorporate energy and water use performance criteria into fit-out design and equipment selection wherever practicable
- Operate in such a way that will not adversely affect the energy efficiency and environmental performance of the building or premises

Simple and Easy Lease incorporating green leasing

Dexus's Simple and Easy Lease refines green lease provisions as specified in the BBP's commercial green leasing standard.

The green leasing standard is a world-first, aimed at helping property owners and tenants benchmark their agreements against others and save on power and water bills. Dexus's lease has achieved a Gold rating under the Better Building Partnership's leasing standard, which is the highest level available. This enables an active partnership between Dexus and tenants and seeks to deliver better environmental outcomes and reduce outgoings.

Assurance

CM 1 01.1	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

CM 1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:
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- Third party assurance over selected responses from this year's PRI Transparency Report
- Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- Third party assurance or audit of the implementation of RI processes (that have been reported to the PRI this year)
- Internal audit conducted by internal auditors of the implementation of RI processes and/or RI data that have been reported to the PRI this year)
- Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - Whole PRI Transparency Report has been internally verified
 - Selected data has been internally verified
- Other, specify
- None of the above

CM 1 01.2 & 01.8	Mandatory	Public	Descriptive	
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CM 1 01.2	Do you plan to conduct third party assurance of this year's PRI Transparency report?
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- Whole PRI Transparency Report will be assured
- Selected data will be assured
- We do not plan to assure this year's PRI Transparency report

CM 1 01.3 & 01.9	Mandatory	Public	Descriptive	General
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CM 1 01.3 We undertook third party assurance on last year's PRI Transparency Report

- Whole PRI Transparency Report was assured last year
- Selected data was assured in last year's PRI Transparency Report
- We did not assure last year's PRI Transparency report, or we did not have such a report last year.

CM 1 01.4, 10-12	Mandatory	Public	Descriptive	General
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CM 1 01.4 We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:

- We adhere to an RI certification or labelling scheme

CM 1 01.10 Which scheme?

- National SRI label based on the EUROSIF Transparency guidelines
- B-corporation
- UK Stewardship code
- GRESB

% of total AUM the scheme applies

- < 25%
- 25-50 %
- 50-70 %
- >75 %
- Commodity type label (e.g. BCI)
- Social label
- Climate label

Specify

Australia's Carbon Neutral Program and National Carbon Offset Standard

% of total AUM the scheme applies

- < 25%
- 25-50 %
- 50-70 %
- >75 %
- RIAA
- Other

Specify

National Australian Built Environment Rating System (NABERS)

% of total AUM the scheme applies

- < 25%
- 25-50 %
- 50-70 %
- >75 %

- We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
- ESG audit of holdings
- Other, specify
- None of the above

CM 1 01.5	Mandatory	Public	Descriptive	General
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CM 1 01.5 Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year

What data has been assured

- Financial and organisational data
- Data related to RI activities
- RI Policies
- RI Processes (e.g. engagement process)
- ESG operational data of the portfolio
- Other

Relevant modules

- Organisational Overview

Corresponding Indicator number

OO 02 (FTEs), OO 04 & OO 06 (Funds under management)

- Strategy and Governance

Corresponding Indicator number

SG 05 (environmental/social data in commitments), SG 06 (environmental achievements)

- Direct - Property

Corresponding Indicator number

PR 03 (Funds under management by asset class and ownership). PR 09 & PR 10 (Performance Pack reporting)

Who has conducted the assurance

Pricewaterhouse Coopers

Assurance standard used

- ISAE/ ASEA 3000
- ISAE 3402
- ISO standard
- AAF01/06
- AA1000AS
- IFC performance standards
- ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- National standard

Specify

ASA 600 Special Considerations – Audits of a Group Financial Report

- Other

Level of assurance sought

- Limited or equivalent
- Reasonable or equivalent

Please provide:

Link to auditors report

<http://www.dexus.com/-/media/files/articles/crs-reports/2017/2017-pwc-assurance-opinion-and-criteria.pdf>

Link to original data source (if public)

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/sustainability-performance>

CM 1 01.7

Mandatory

Public

Descriptive

General

CM 1 01.7

Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

Who has conducted the verification

CEO or other Chief-Level staff

Sign-off or review of responses

Sign-off

Review of responses

The Board

Investment Committee

Compliance Function

RI/ESG Team

Investment Teams

Legal Department

Other (specify)