

# Auditor Independence Policy

Published June 2022

## 1. Purpose

The purpose of this Policy is to ensure that Dexus's ("Group") auditor carries out the statutory audit function in a manner which is at all times demonstrably independent of the Group. For this purpose, the standard adopted by the Group for determining independence is the highest standard imposed by legislation (including the Corporations Act 2001), regulation or Australian or international auditing standards that are applicable:

- (a) to an Australian listed entity or
- (b) to Dexus by reason of any other aspect of the Group's business operations or activities

Dexus recognises that its relationship with its auditor is unique based on the auditor's access to the Group's personnel and its books and records, knowledge of the Group's history and the industry within which Dexus operates. As a consequence, there are certain non-audit services which the auditor is well placed to provide in a cost efficient and timely manner.

This Policy provides guidelines under which Dexus may engage the auditor to provide non-audit services without impairing the auditor's objectivity or independence. It also identifies the roles and responsibilities of the auditor, the Group's executives and the Board Audit Committee in implementing this Policy.

## 2. Corporate Governance and Independence

A high quality, independent statutory audit is fundamental to the maintenance of sound corporate governance. It is an integral part of the process of providing investors with reliable, comprehensive and clear financial information upon which to base their decisions.

This Policy reflects the Group's desire to preserve the independence of the statutory audit process.

Dexus has developed a series of guidelines and procedures to ensure the provisions of this Policy are implemented and observed on a continuing basis.

## 3. Appointment and Remuneration of the Auditor

As a reflection of Dexus's commitment to maintaining the integrity and independence of the statutory audit, the Group acknowledges that:

- (a) the Board Audit Committee is responsible for making recommendations to the Dexus Board regarding the appointment of the auditor to provide audit services. The auditor is required to have regular communication and meetings with the Board Audit Committee and relevant Boards within the Group.
- (b) the auditor must be fairly rewarded for the agreed scope of the statutory audit and audit-related services, following a reasonable arm's length commercial negotiation and having regard to market benchmarking.

## 4. Classification of Non-Audit Services

Dexus considers that the provision of certain non-audit services and the level of non-audit fees paid to the auditor may give rise to conflicts of interest, or an actual or perceived loss of objectivity. Dexus has prepared a list of services where the auditor may have the technical competence to provide the services, and where the services are consistent with the independence of the auditor. Each of these potential services has been classified into one of the following categories (full detail of the services is included in the appendices):

- Category A – Pre-approved Audit Services
- Category B – Pre-approved Audit-Related Services
- Category C – Pre-approved Tax Services
- Category D – Pre-approved Other Services

The pre-approved services included in the categories above and listed in detail in the relevant appendices may only be provided by the statutory auditor in accordance with the paragraphs 5 and 6 below. Dexus also considers that there are services that are inconsistent with the independence of the auditor and for which the auditor will not be engaged. These services are listed in the appendix in the following category:

- Category E – Prohibited Services

The Board Audit Committee will consider periodically the appropriateness of the classification of services and may amend the list of services included in any of the above categories from time to time. Potential services not contemplated by the categories will be deemed to be Category E matters unless otherwise determined by the Board Audit Committee.

Regardless of the general classification of any non-audit service, if the Board Audit Committee (or its delegate), the Chief Financial Officer or the auditor considers that in the particular circumstances in which the non-audit service is to be provided, the actual or perceived independence of the auditor may be impaired, the auditor will not be commissioned to provide that service.

## 5. Approval of Non-Audit Services

Before the auditor is engaged to provide services in Category A to Category D, the prior approval of the Chair of the Board Audit Committee (or another independent Board Audit Committee member nominated by the Chair) will be required for all engagements in excess of A\$150,000. As part of the request for approval, the auditor and management will be required to list reasons why granting approval will not compromise the independence of the auditor. The request for approval should also include a schedule showing fees for non-audit services paid to the auditor for the financial year-to-date, split into the various categories of services, as well as the projected fees payable in connection with the proposed engagement.

The decisions made by any member of the Board Audit Committee acting as a delegate must be presented for ratification by the Board Audit Committee at its next scheduled meeting.

## 6. Periodic Reporting

On a quarterly basis, the Chief Financial Officer and the auditor will provide a report to the Board Audit Committee which confirms, in respect of the current financial year:

- (a) the scope of non-audit services provided by the auditor (split into the various categories of service)
- (b) the fees (per assignment and in aggregate) paid by the Group for the provision of those services
- (c) the ratio of approved tax and other services (as outlined in Category C and D in the appendices) to audit and audit-related services (outlined in Category A and B in the appendices)
- (d) each of the matters referred to in Section 9 below.

It is acknowledged that the Board Audit Committee should be alert to the risk that the aggregate value of fees for non-audit services in any one year could reach a level where a perception may arise that the objectivity and/or the independence of the auditor is impaired.

To mitigate this risk, the ratio referred to in 6(c) above should be targeted to not exceed 50% in any given financial year calculated at three levels:

1. at the level of the Dexus stapled group;
2. at the level of any individual listed stapled groups within the Dexus 'managed' group; and
3. at the level of the Dexus 'managed' group, being the Dexus stapled group and all listed and unlisted funds managed by Dexus

In the case of level 3 above it is acknowledged that for individual unlisted funds within the managed group the ratio of non-audit to audit and audit related services may exceed the target ratio, but that on a total managed group basis this ratio should be targeted to remain within the stated cap. It is further acknowledged that circumstances might arise where the ratio is exceeded in a particular year due to such factors as the level of transaction activity or other external factors requiring the auditor to be engaged to perform other services. However, such circumstances are considered to be rare events, and accordingly the ratio referred to in 6(c) must not be exceeded in 2 consecutive financial years.

## 7. Rotation of Audit Partner

Dexus will require the statutory auditor to commit to rotate, every five years, the lead (or coordinating) audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit for each entity within the Group. A succession plan to achieve this outcome must be prepared by the auditor and submitted to the Board Audit Committee for approval no later than one year before the rotation is due to occur.

In limited circumstances the Dexus Board may grant approval to extend the term of the lead audit partner for a further two years after the five year period if deemed appropriate. The Dexus Board may only approve an extension where the requirements in Sections 324DAA, 324DAB and 324DAC of the Corporations Act 2001 are satisfied. The extension of the term, must be approved by the Dexus Board prior to the end of the initial 5 financial year term, with details of the approval and the relevant reasons being disclosed in the Financial Statements. A copy of the relevant resolution must be lodged with ASIC and a copy provided to the auditor within 14 days of Dexus Board approval.

## 8. Restrictions on Employment of Audit Personnel

Any person who was employed by the audit firm (and participated in any capacity in the statutory audit of any member of Dexus Group) at any time in the two year period immediately preceding the date of the proposed appointment by the Group, will not be permitted to serve in a senior executive role within Dexus. A "senior executive role" is defined to include the roles of Chief Executive Officer, Chief Financial Officer or any equivalent role.

A former partner or other professional member of the audit team of a firm that acted in the capacity of statutory auditor of the Group may hold the position of director of a Group entity provided that person has not been employed by that audit firm at any time during the preceding three years.

## 9. Bi-annual Confirmation from Statutory Auditor

The statutory auditor will confirm to the Board Audit Committee (at least bi-annually) that:

- It has complied with the terms of this Policy and with the intended scope of this Policy as implied by the standard referred to in Section 1
- It is of the view that the independence of the auditor has been maintained
- The auditor and its partners do not have any financial interest in any entity which is part of Dexus or in any trust in respect of which a member of Dexus is the responsible entity (collectively, the "Extended Group")
- The current service team members of the auditor do not have any financial interest in the Extended Group
- Except as contemplated by this Policy, there are no business interests between the Extended Group and the auditor
- The superannuation fund of the partners of the statutory auditor do not hold any direct financial interest or any material indirect financial interest in the Extended Group other than in the case of an independently managed fund
- The staff superannuation fund of the auditor does not hold any direct financial interest or any material indirect financial interest in the Extended Group other than in the case of an independently managed fund
- No portion of fees paid by the Extended Group to the auditor is paid on a contingency basis
- The total fees received by the auditor in each national jurisdiction from the Extended Group do not have a material impact on its operations or financial condition in that jurisdiction
- Dexus has not withheld fees from the auditor
- To the best of the auditor's knowledge, there is no litigation between a member of the Extended Group and the auditor

The Board Audit Committee will confirm bi-annually to the relevant Boards that the auditor has given the confirmation referred to in this section.

## 10. Ongoing Safeguards

From time-to-time this Policy will be reviewed in the context of ongoing changes in the legal, accounting and governance requirements applicable to the Group so that it remains relevant and consistent with the standards referred to in Section 1 as well as market and Security holder expectations. Dexus will ensure that the processes designed for the proper implementation of this Policy are carried out as required.

These processes include:

- regular review by the Board Audit Committee of the compliance process and related sign-offs;
- internal control reviews conducted by Dexus's Risk and Compliance teams or the Heads of Risk or Compliance, as may be requested by the Board Audit Committee from time to time; and
- annual assessment by the Dexus Board on the performance and independence of the auditors.

#### Document Control Log

<b>Version</b>	<b>Document Owner</b>	<b>Author</b>	<b>Approving Authority</b>	<b>Approved Date</b>
11	Finance	Keir Barnes	Board Audit Committee	16 June 2021
12	Finance	Keir Barnes	DXFM Board Audit Committee	15 June 2022

## **Appendix – Permitted and Prohibited non-audit services**

### **Auditor Independence Policy**

Dexus's auditor must not be involved directly or indirectly in auditing its own work. That is, it must not do work for Dexus that it may be required to review as part of the external audit.

#### ***Category A – Pre-approved Audit Services***

- Attest services in relation to forecasts and projections, subject to appropriate safeguards
- Accounting procedures review

#### ***Category B – Pre-approved Audit-Related Services***

- Compliance assurance
- Reviews of valuations prepared by management where the results are immaterial to the financial statements or where the statutory auditor would not be required to audit those statements or opinions
- Technical interpretation of accounting standards, laws and regulations on the appropriateness of treatment to be adopted for specific transaction or advice on the impact of new and revised standards
- International comparisons of accounting and statutory requirements

#### ***Category C – Pre-approved Tax Services***

- Assistance in the preparation of tax returns without authority for decision-making
- Tax compliance services (e.g. filing as tax agent where the return is signed by Dexus)
- Advice and opinions interpreting tax legislation, law and practice and new or revised regulations
- Assistance in the handling of specific items in tax returns, and in connection with responding to queries in relation to those returns from relevant tax authorities
- Training of staff in relation to tax law and compliance matters
- Tax advice as a legal service (If acting in an advocacy role in a dispute, the amounts involved must be immaterial to the financial statements), including interpreting and advising on taxation legislation, law and practice in connection with tax audits and appeals before Australian and foreign tax authorities
- Tax dispute resolution and litigation services (may not propose or agree a settlement with the tax authority without Dexus specific approval)
- Tax due diligence (provided any prospective financial information is adequately prepared by management)
- Employee tax compliance and advice excluding tax provision calculations or services to any person who has a financial reporting oversight role

#### ***Category D – Pre-approved Other Services***

- Review of governance, risk and compliance frameworks provided no design or implementation of internal controls over financial reporting
- General process and controls review provided no design or implementation of internal controls over financial reporting
- Post-acquisition analysis
- Pre-acquisition due diligence work where auditor is not working as principal but rather under the direction of management
- Prospectus – Independent accountant reports/comfort letters in respect of documented and non-documented offers (rights issues, placements and debt issues e.g. 144A)
- Review of application controls and IT process risk provided no design or implementation of internal controls over financial reporting
- Data conversion and integrity assistance
- Assessment and testing of security infrastructure controls
- Benchmarking against local and global peers
- Probity (including specific Fraud) reviews at the request of management – project basis

Permitted with additional safeguards in place:

- Preparation of financial statements for non-listed entities - allowed if the services are routine or mechanical in nature and that the financial statements are immaterial to the entity which the auditor is expressing opinion on

### **Category E – Prohibited Non-Audit Services**

- Performing the role of management as part of any engagement
- Prospectus – Independent expert reports
- Prospectus – Due diligence committee member (as statutory auditor)
- Prospectus – Valuations on which the statutory auditor gives an opinion
- Related party transaction reviews excluding procedures conducted as part of the statutory audit
- Actuarial services
- Pre-acquisition due diligence work – As principal (statutory auditor plans, performs work and issues an opinion)
- Design and implementation of financial systems
- Operate and supervise IT systems
- Design and implementation of internal accounting and risk management controls
- Consultancy services including direct involvement in Dexus management decision making functions
- Recruitment of management
- Investment banking, broking, dealing or advisory services
- Acting as trustee, executor or administrator of trust or estate
- Legal and expert services unrelated to the audit
- Valuation services, appraisals of fairness opinions, where the results are material to the financial statements or where the statutory auditor would be required to audit those statements or opinions
- Services that are remunerated through a “success fee” structure
- Services that involves the statutory auditor acting in an advocacy role, excluding tax advice as a legal service in a dispute, where amounts involved are immaterial to the financial statements
- Preparation of financial statements for listed entities
- Performing of internal audit function
- Tax services
  - Tax-purpose valuation or related valuations if the valuation will have a direct material impact on the financial statements
  - Preparing calculations of tax provisions (current or deferred tax asset/liabilities) that are material to the financial statements
  - Employee tax services (including tax compliance) to a person who has a financial reporting oversight role
  - Transfer pricing if the expected impacted is material to the financial statements.
  - Tax planning that would have a material impact on the financial statements

Permitted with additional safeguards in place:

- Other valuations on which the statutory auditor does not give an opinion and does not relate to the financial statements
- Bookkeeping Services - Allowed if the tasks are routine and mechanical in nature and the Dexus have to retain responsibility of but not limited to: accounting policies/treatment; initiating, changing and providing the original source of documentation; determining appropriate account classification of transactions; and exercising judgement
- Administration of payroll services - Allowed provided the tasks are routine and mechanical in nature and the client have to retain responsibility of but not limited to: accounting policies/treatment; initiating, changing and providing the original source of documentation; determining appropriate account classification of transactions; and exercising judgement
- Secondments of employees of the statutory auditor – In addition to safeguards as described above under Bookkeeping, seconded employees are not allowed to perform management functions