

Risk Management Policy

July 2022

1. Introduction

Dexus’s approach to risk management, as articulated in this Policy and the Risk Management Framework (“the framework”), is aligned to the purpose of ISO31000:2018, specifically that “*risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives*”¹. The framework also addresses ASIC’s RG259 – Risk management systems for responsible entities and RG104 - Licensing: Meeting the general obligations.

Dexus is committed to meeting high standards of risk management in the way it conducts its business. Effective risk management is critical to enable Dexus to deliver high quality services and products to its customers and maximise investor returns. Dexus’s approach to risk management is detailed in its Risk Management Framework which is reviewed and approved by the Board at least annually.

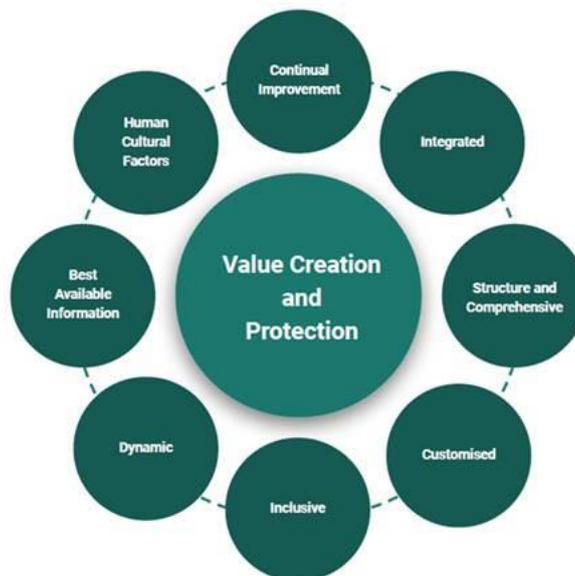
2. Scope and application

This Policy, including the Risk Management Framework, applies to all legal entities which comprise the Dexus Group.

All employees are required to understand, promote and be responsible for ensuring that internal controls are in place to effectively manage risks that apply to activities within their day-to-day responsibility, including risks associated with business decisions, processes, systems or people and external events. While all legal entities which comprise the Dexus Group are subject to this policy, it also applies, to the maximum extent possible, to agents and contractors that act for or on behalf of Dexus.

3. The Principles of Risk Management

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives. The eight principles set out in ISO 31000:2018 provide guidance on the characteristics of effective risk management and underpin the Dexus Risk Management Framework. These principles should enable Dexus to manage the effects of uncertainty on its objectives.



Principles of ISO 31000:2018

¹International Organization for Standardization (2018) *Risk Management – Guidelines* (ISO Standard No. 31000); Section 4

4. Purpose of the Risk Management Framework

The Dexus Risk Management Policy, including our documented Framework, assists the Dexus Group with integrating risk management into our significant activities and functions. The key objective of the framework is to provide Dexus employees with a foundation from which the business can achieve its strategy by effectively identifying and managing the risks and opportunities that impact on the realisation of that strategy.

5. Components of the Risk Management Framework

The Dexus Risk Management Framework encompasses integrating, designing, implementing, evaluating and improving risk management across the organisation. The components of the framework are illustrated below:



Components of the Framework (ISO31000:2018)

The components of the framework, and the way in which they work together, has been implemented by Dexus to ensure the needs of the organisation are met.

6. Risk Management Process

Dexus's risk management process is an integral part of management and decision-making, and is integrated into the structure, operations and processes of the organisation. Dexus's process for managing risk aligns to ISO31000:2018 and involves the systematic application of policies, procedures and practices including but not limited to:

- Communication and consultation with appropriate external and internal stakeholders
- Defining the scope of risk management activities, understanding the external and internal context in environment in which Dexus operates and defining the risk criteria relative to objectives
- Conducting risk assessments performed to identify, analyse and evaluate risks
- Planning and implementing risk treatment, assessing the effectiveness of controls and determination that the risk profile is aligned with Dexus's risk appetite, strategy and culture
- Monitoring and review of risks to provide assurance and improve the quality and effectiveness of process design, implementation and outcomes
- Reporting to Management and Boards including to the Corporate Executive Committee, Group Management Committee, Dexus Board Audit Committee and Dexus Board Risk Committee.
- Providing training to support employees' awareness of and ability to execute their risk management responsibilities.

7. Roles and Responsibilities

Governance guides the course of the organisation, its external and internal relationships, and the rules, processes and practices needed to achieve its purpose. The following summarises the roles and responsibilities of Board and Management Committees as they relate to risk.

Role	Responsibility
Board of Directors	<p>The primary purpose of the DXFM Board (the Board) is to ensure that Dexus acts in the best interests of our Security holders, taking into account our stakeholders including third party capital partners, customers and our people. The Board of Directors is ultimately responsible for risk management and for setting the tone and culture of risk and compliance management at Dexus. The Board sets the risk appetite for the business.</p> <p>The Board has established committees to assist it in its obligations as they relate to risk management, review policies and oversee the management and status of major business risks.</p>
Board Risk Committee	<p>To oversee platform risk management practices, the Board has established a Board Risk Committee to assist Dexus in fulfilling its responsibilities as they relate to risk management (including Work, Health & Safety) and compliance management. The Committee fosters and supports a strong risk management culture across the organisation.</p>
Board Audit Committee	<p>To oversee financial risk management, the Board has established a Board Audit Committee responsible for reviewing the integrity and quality of the Group's financial statements and disclosures including auditing, accounting and financial reporting processes. The Committee is responsible for the oversight of Dexus's Internal Audit program.</p>
Board Environmental, Social and Governance (ESG) Committee	<p>To consider the material Environmental, Social and Governance (ESG) issues relevant to the Group's business activities and support the Group in maintaining its position as a global leader in ESG performance.</p> <p>The role of the Committee is to support the Board in:</p> <ul style="list-style-type: none"> - understanding the expectations of key Dexus stakeholders - understanding how Dexus's ability to create value is impacted by ESG issues - monitoring external ESG trends and understanding associated risks and opportunities. <p>The Committee acknowledges that the Board People & Remuneration Committee and Board Risk Committee also assist the Board in meeting its ESG responsibilities.</p>
Board People & Remuneration Committee	<p>To oversee risks associated with Dexus's human resources, the Dexus Board has established a Board People & Remuneration Committee responsible for overseeing all aspects of Director, Group Management Committee and Key Management Personnel remuneration and other aspects of human resources management.</p>
Board Nomination Committee	<p>To oversee risks associated with Director nomination and the Dexus Board performance evaluation, the Dexus Board has established a Board Nomination Committee responsible for reviewing the size, composition, diversity, skills and desired competencies of the Board and its delegated committees. The Committee reviews the nomination, appointment, re-election and removal of Directors to the Dexus Funds Management Limited (DXFM) and Dexus Holdings Pty Limited (DXH) Boards, and Directors or the Dexus Wholesale Property Limited (DWPL), Dexus Wholesale Funds Limited Boards (DWFL), Dexus Asset Management Limited Board (DXAM) and Industria Company No.1 Limited Board (after having regard to the respective Fund's Advisory Committee endorsement).</p>
Dexus Wholesale Property Limited (DWPL) Board	<p>The DWPL Board is responsible for ensuring the fiduciary and statutory obligations of the Dexus Wholesale Property Fund to its unitholders are met, and that such duties have priority over all other duties, including the interests of the shareholders of DWPL. The DWPL Board approves the entity's risk appetite and ensures appropriate risk management is in place.</p>

Dexus Wholesale Funds Limited (DWFL) Board	The DWFL Board is responsible for ensuring the fiduciary and statutory obligations of the Dexus Healthcare Property Fund to its unitholders are met, and that such duties have priority over all other duties, including the interests of the shareholders of DWFL. The DWFL Board approves the entity's risk appetite and ensures appropriate risk management is in place.
Dexus Asset Management Limited (DXAM) Board and Industria Company No 1 Limited (Industria Co) Board	The DXAM Board and Industria Company No 1 Boards are responsible for ensuring the fiduciary and statutory obligations to their Security holders are met, and that such duties have priority over all other duties, including the interests of the shareholders of DXAM and Industria Co No 1 Limited. The DXAM Board sets the risk appetite for the business of the Funds managed by DXAM (including DXC, DXI and unlisted funds). The DXAM Board approves the entity's risk appetite and ensures appropriate risk management is in place.
DXAM Audit, Risk & Compliance Committee (ARCC)	The ARCC is accountable to and acts primarily as a delegated committee to the DXAM Board. The objective of the Committee is to assist DXAM and Industria Company No 1 Limited in fulfilling their responsibilities as they relate to risk management (including Work, Health & Safety) and compliance management. The committee will foster and support strong risk management.
Dexus Wholesale Management Limited (DWML) Board	The DWML Board is responsible for ensuring that the fiduciary and statutory obligations of DWML to its unitholders are met and that such duties have priority over all other duties.
Group Management Committee	The Group Management Committee is responsible for ensuring appropriate risk management practices and policies are in place. Members of the Group Management Committee (Executive General Managers) are responsible for promoting a culture of ethical behaviour and proactive risk management for their areas of responsibility.
Corporate Executive Committee	The Corporate Executive Committee is responsible for the oversight the Group's risk management and compliance management policies including the establishment and delivery of the internal audit program. The committee monitors and assesses the adequacy of Dexus's enterprise risk practices including those addressing ethical conduct and behaviour.
Risk and Compliance Teams	The Risk and Compliance teams, together with the business, operate under structured programs which includes the monitoring of compliance and risk management. The teams independently review and report on operational compliance and risk management.
All employees	Risk is managed in every part of an organisation's structure and therefore every Dexus employee has responsibility for managing risk on an ongoing basis. This includes the identification of potential risks and, with management, employees are responsible for undertaking appropriate assessment and the development of risk mitigation plans as part of the implementation of risk reduction strategies. People managers and executives are responsible for supporting Dexus's culture of ethical behaviour and proactive risk management. For example, ensuring that risk management is incorporated in business decisions and embedded within operational procedures and practices within their day-to-day responsibility; and that these are supported by effective internal controls.

Further details of the Board and its Committees are provided in the Terms of Reference available on the Dexus website. The Terms of Reference are reviewed and approved at least annually.

8. Related policies

- Risk Management Framework
- Employee Code of Conduct Policy
- Fraud, Corruption and Bribery Policy
- Whistleblower Policy
- Work Health Safety and Liability Statement Policy

9. Review

At least annually, the Dexus Board Risk Committee reviews and endorses to the Dexus Board for approval, the:

- Risk Management Policy and Risk Management Framework to satisfy itself that it continues to be sound and that Dexus is operating with due regard to the risk appetite set by the board
- Risk Appetite Statement following endorsement by the Group Management Committee and Corporate Executive Committee.

The Boards of the other Responsible Entities within the Group approve their Risk Appetite Statement following endorsement by the relevant Fund Manager and are governed by the Risk Management Policy and Risk Management Framework.