

Environmental, Social and Governance (ESG) Committee



Terms of Reference

Authority

The Committee is accountable to and acts primarily as an advisory body to the Dexus Funds Management Limited (“DXFM”) and Dexus Holdings Pty Limited (“DXH”) Boards (“the Board”). The Committee does not, of itself, have the power or authority of the Board.

The Board ESG Committee will work with other Board Committees to assist the Board in fulfilling its responsibilities.

Objectives

The objective of the Committee is to consider the material environmental, social and governance issues relevant to the group’s business activities and support the group in maintaining its position as a global leader in ESG performance.

The role of the Committee is to support the Board in:

- understanding the expectations of key Dexus stakeholders
- understanding how Dexus’s ability to create value is impacted by environmental, social and governance issues
- monitoring external ESG trends and understanding associated risks and opportunities

The Committee acknowledges that the Board People & Remuneration Committee and Board Risk Committee also assist the Board in meeting its ESG responsibilities.

Terms of Reference

General responsibilities of the Board ESG Committee include:

- Reviewing the performance and results of key ESG investor surveys and global benchmarks
- Overseeing the implementation of areas for improvement identified from ESG investor surveys and global benchmarks
- Considering emerging ESG issues to understand their materiality with regard to Dexus’s long term value creation

Environmental

- Oversee the delivery of group environmental sustainability initiatives and commitments, including performance, challenges and opportunities
- Oversee the delivery of the group’s climate resilience strategy and disclosures relating to Taskforce on Climate-Related Financial Disclosures (TCFD)

The Committee acknowledges that the Board Risk Committee reviews the adequacy of Management’s approach in the identification and management of environmental risks and opportunities, including climate-related issues.

Social

- Oversee the implementation of group social sustainability initiatives or commitments, including performance, challenges and opportunities, with a view to their effectiveness in delivering social impact
- Oversee and monitor Dexus’s processes and mechanisms for building relationships with customers, suppliers and other key stakeholders and understanding their expectations
- Review the effectiveness of the group’s initiatives and policies that support human rights (including modern slavery) in Dexus’s operations and supply chain

- Review and endorse to the Board on an annual basis Dexus's Modern Slavery Statement

The Committee acknowledges that the Board People & Remuneration Committee has oversight of Dexus's inclusion, diversity and general people & culture practices and related frameworks. The Committee will keep abreast of key areas of focus.

Governance

- Oversee the reputational impacts of the group's business strategies and practices
- Monitor the group's policies and initiatives to ensure appropriate safeguards are in place for dealing fairly and ethically with third party capital partners, suppliers and other stakeholders
- Review and endorse to the Board the group's Governance Management Framework
- In collaboration with the Board Risk Committee, review and endorse to the Board on an annual basis the material issues that define the boundary for Dexus's ESG strategy and reporting
- Review and endorse to the Board on an annual basis Dexus's Sustainability Performance Pack, Dexus's Corporate Governance Statement and the group's ESG achievements and future commitments

The Committee acknowledges that the Board has oversight of Dexus's corporate governance practices and will keep abreast of key focus areas.

Members

- At least three Independent Directors
- Members of the Committee have the ability to engage the services of external advisers, independent of Management

By Invitation

- EGM – Investor Relations, Communications and Sustainability
- Chief Investment Officer
- Head of Governance, Head of Risk and Head of People & Communities

Secretary

Company Secretaries

Meetings

At least quarterly

Quorum

Any two members

Decisions

Simple majority

Minutes Circulation

- Committee Members
- DXFM Board

Standing Reports

- Material issues radar (appendix to each meeting)
- Quarterly reporting on ESG strategy and initiatives
- Draft Annual Reporting Suite – ESG achievements and commitments (July/August)
- GRESB survey results and analysis (September)
- DJSI survey results and analysis (September)
- CDP Climate Change results and analysis (varies)
- Workforce Disclosure Initiative results and analysis (varies)

Procedure

Papers to be distributed minimum five business days prior to meeting.

Version

Approved by the Committee & Board on 30 October 2019