

# Dexus Board

## Terms of Reference



### Authority

The Directors derive their power from the Corporations Act and the constitution of Dexus Funds Management Limited ("DXFM" or "Dexus").

### Objectives

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, customer and our people.

### Terms of Reference

The Board directs and supervises the management and affairs of Dexus. It is responsible for:

- Ensuring that Dexus's strategy is clearly established
- Overseeing Management's implementation of the strategy
- Approving the annual Investment Plan
- Approving new business initiatives and the property acquisitions, divestments and developments of DXS. Approval of property acquisitions, divestments, developments and capital expenditures less than \$50 million are delegated to the Chief Executive Officer ("CEO"), the Group Management Committee ("GMC") or the Investment Committee where appropriate
- Reviewing Defence Monitor as required
- Approving the Terms of Reference for the Board and Board delegated Committees at least annually
- Ensuring that high standards of ethics and corporate governance are adhered to
- Ensuring that Dexus makes timely and balanced disclosure to the market of all material information

### Financial

The Board is responsible for the following and has established a Board Audit Committee to assist it in:

- Approving funding strategy and Group borrowing limits
- Approving periodic market guidance
- Approving the distribution payout ratio
- Approving new financial instrument types
- Approving the Dexus Treasury Policy on an annual basis
- Approving significant changes to accounting policies and practices
- Receiving the declarations made by the CEO and Chief Financial Officer in relation to financial statements, financial records and systems
- Approving the DXS Compliance Certificates on a six-monthly basis
- Approving the Derivative Risk Statement
- Reviewing the DXS Financial Update at least quarterly
- Approving the financial statements and disclosures of each of the Managed Investment Schemes that constitute Dexus
- Approving the appointment or removal of external auditors
- Ensuring the implementation of an effective Internal Audit program
- Ensuring appropriate financial controls are in place

## **Risk**

The Board is responsible for the following and has established a Board Risk Committee to assist it in:

- Ensuring that appropriate risk and compliance management policies and processes are in place and adhered to (including the identification and management of conflicts of interests and related party transactions)
- Approving the Compliance Management Framework and Risk Management Framework (including Risk Appetite Statement)
- Approving the Managed Investment Scheme compliance plans for which DXFM acts as Responsible Entity
- Approving the Anti-money Laundering & Counter Terrorism Finance Program
- Approving the Work, Health & Safety and Environmental risk management programs
- Approving the DXFM AFSL Financial Requirements at least quarterly
- Approving the Financial Lines insurance program

## **People and Remuneration**

The Board is responsible for the following and has established a Board People & Remuneration Committee to assist it in:

- Approving the annual Remuneration Report
- Appointing or removing the CEO and the Company Secretaries
- Ratifying the appointment of GMC members (including terms of appointment)
- Reviewing performance of CEO and GMC members against business objectives and strategies
- Approving CEO and GMC members' remuneration and incentive payments
- Approving CEO, GMC members' and other Senior Executives' remuneration policies
- Approving Non-executive Directors' remuneration, including the Directors' fee cap (subject to Security holders' approval)
- Approving the identification of Key Management Personnel
- Approving the Diversity Principles including identification of measurable objectives for achieving gender diversity

## **Nomination**

The Board is responsible for the following and has established a Board Nomination Committee to assist it in:

- Approving the size, composition, diversity and desired competencies of the Board and its Committees at least annually
- Approving the method to determine director independence at least annually
- Approving the nomination, appointment, re-election and removal of Directors (including Executive Directors)
- Approving the appointment of the Chair
- Approving succession plans for Non-executive Directors (including the Chair), CEO and other Executive Directors
- Reviewing the membership and effectiveness of all Board delegated Committees at least annually
- Reviewing the findings of the Board Performance Evaluation
- Identifying possible candidates for the role of non-executive director for Dexus and its managed funds

## Environmental, Social & Governance

The Board is responsible for the following and is assisted by Board Nomination Committee, Board Risk Committee and Board People & Remuneration Committee in meeting its ESG obligations. The Board has established a Board ESG Committee to assist it in:

- Approving Dexus's Corporate Governance Framework
- Approving Dexus's Modern Slavery Statement
- Approving the Codes of Conduct and other key policies
- Approving regulatory reporting in relation to Sustainability (where required)

### Members

- Not less than seven Independent Directors (with such greater number as the Board may determine from time to time)
- Chief Executive Officer

The Board will always have a majority of Independent Directors.

Independent Directors have the ability to engage the services of external advisers, independent of management.

### By Invitation

As required

### Secretary

Company Secretaries

### Meetings

Not less than eight times per year

### Quorum

Any four members

### Decisions

Simple majority vote, where the majority of Directors voting are Independent Directors.

The Chair does not have a casting vote.

### Minutes Circulation

Board Members

### Standing Reports

- Minutes of all Board Committees (Committee Secretaries)
- CEO Report (CEO)

### Procedure

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

### Version

Approved by the Board on 27 November 2019