

Disclosures on Management Approach

2019

dexus



Detailed description of Dexus's approach to managing material issues, aligned with the GRI Standards reporting framework

Introduction

The Dexus 2019 Disclosures on Management Approach, or DMA series, explains how Dexus manages the economic, environmental and social impacts related to its business. This DMA series supports Dexus’s disclosure against the Global Reporting Initiative (GRI) Standards, which prescribes organisations to disclose details of their approaches to managing material topics identified through the materiality process.

The DMA series should be read in conjunction with our performance reporting contained in the following disclosures:

- [2019 Annual Report](#) – An integrated summary of the value created across Dexus’s key resources and the Consolidated Financial report
- [2019 Sustainability Performance Pack](#) – Comprehensive sustainability reporting that supports the results outlined in the 2019 Annual Report
- [2019 Sustainability Data Supplement](#) – Comprehensive disclosure of sustainability/ESG datasets aligned with reporting frameworks including the GRI Standards
- [2019 Corporate Governance Statement](#) – Dexus’s corporate governance framework, reconciled against the principles of the ASX Corporate Governance Principles and Recommendations – Third Edition

Contents

We have structured the Dexus 2019 DMA series to align with Dexus’s value creation outcomes as reported in our 2019 Annual Report. The value creation outcomes are also the objectives of Dexus’s [Sustainability Approach](#).

Value creation outcome	Disclosure on Management Approach
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Leading Cities	Page 14
Thriving People	Page 24
Future Enabled Customers and Strong Communities - including Supply Chain	Page 33 - Page 40
Enriched Environment	Page 49

Management approach by material issue

The table below provides a reference for where our approach to managing material issues is provided across the Dexus 2019 DMA series. Please refer to the [2019 GRI Index](#) for a comprehensive reference of content related to material issues across Dexus's Annual Reporting Suite.



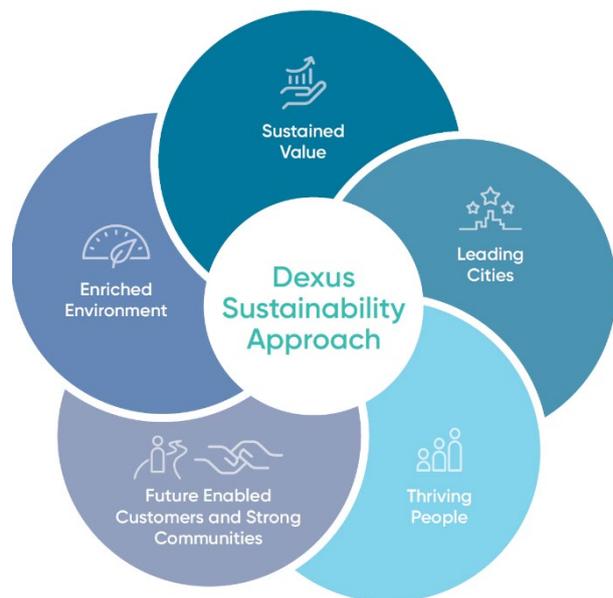
Material issue	Disclosure on Management Approach					Issue boundary
	Sustained Value	Leading Cities	Thriving People	Future Enabled Customers and Strong Communities	Enriched Environment	
Biodiversity						All properties within the Dexus group portfolio
Climate change impacts						All properties within the Dexus group portfolio
Corporate governance and transparency						Dexus platform
Customer attraction and retention						Customers occupying properties within the Dexus group portfolio
Customer engagement						Customers occupying properties within the Dexus group portfolio
Economic impact on local communities						All properties within the Dexus group portfolio
Economic performance	Refer to Dexus 2019 Annual Report					Dexus portfolio owned and managed by DXS Security holders
Emissions						All properties within the Dexus group portfolio
Energy efficiency						All properties within the Dexus group portfolio
Equal remuneration						Dexus employees
Health, safety and security						All persons occupying or visiting Dexus managed properties
Human capital development						Dexus employees
Human rights						Dexus employees, suppliers and customers

Material issue	Disclosure on Management Approach					Issue boundary
	Sustained Value	Leading Cities	Thriving People	Future Enabled Customers and Strong Communities	Enriched Environment	
Inclusion and diversity						Dexus employees
Market volatility	Refer to Dexus 2019 Annual Report					All properties within the Dexus group portfolio
Risk and crisis management						Dexus platform
Supply chain management						Suppliers to Dexus across all properties within the Dexus group portfolio
Talent attraction and retention						Dexus employees
Waste management						All properties within the Dexus group portfolio
Water use						All properties within the Dexus group portfolio

Dexus Sustainability Approach

Dexus's Sustainability Approach is aligned with our corporate strategy by supporting the creation of sustained value by integrating material environmental, social and governance (ESG) issues into our business model. We integrate our Sustainability Approach into the business to effectively manage emerging ESG risks and secure long-term value creation opportunities. The approach incorporates five objectives which collectively direct our sustainability focus towards addressing the issues considered to be most material for our stakeholders.

As a signatory to the United Nations-supported Principles for Responsible Investment (PRI), the Dexus Sustainability Approach also incorporates the PRI's 'six principles' relating to responsible investment and active property management.



1 Sustained Value



Disclosure on Management Approach

Creating sustained value through effective management of environmental, social and governance issues.

Dexus's Sustainability Approach is the lens that we use to identify, prioritise and address the environmental, social and governance (ESG) issues that matter most to our stakeholders. The key objectives of our Sustainability Approach (Leading Cities, Thriving People, Future Enabled Customers and Strong Communities, and Enriched Environment) set out priorities and approaches to managing stakeholder issues that collectively support the overarching objective of Sustained Value creation. The disclosures across each key objective area support the objective of sustained value, while the Sustained Value section of our Disclosures on Management Approach focuses on corporate governance and risk management. The section supports the disclosures within the Annual Report on material issues of market volatility and economic performance.

Dexus aspires to the highest standards of corporate governance and has embedded policies and procedures to enhance corporate performance and protect the interests of key stakeholders.

Good governance is about doing the right thing - complying with laws, managing risk, upholding human rights, building honest relationships and being transparent. We are committed to an open and transparent workplace that is free from corruption, anti-competitive behaviour, bribery and discrimination.

Our governance approach aims to:

- Maintain the health and safety of our employees, customers and visitors
- Maintain a working environment free of harassment, bullying and discrimination
- Uphold labour standards and respect human rights
- Continually comply with relevant laws, regulations and industry best practice
- Create a workplace culture of diversity and work-life balance
- Manage environmental, financial and social risk.

1.1 Corporate governance framework

Our corporate governance approach supports the group's strategic objectives. The group's governance structure ensures accountability and a balance of authority by clearly defining the roles and responsibilities of the Board and executive management. This enables the Board to provide strategic guidance while exercising effective oversight. The table on the next page provides an overview of Dexus's corporate governance.

Corporate governance			
Dexus Board			
Responsibility for ensuring effective corporate governance and risk management, and for ensuring that Dexus meets its fiduciary and statutory obligations to its investors.			
Board Committees			
Audit Committee Nominations Committee People and Remuneration Committee Risk Committee			
Group Management Committee			
Ultimate responsibility for ensuring statutory, legal and regulatory compliance, including ongoing compliance with Dexus policies and procedures.			
Group Risk Committee			
Oversight of Dexus's risk management, compliance management, sustainability and internal audit programs.			
<p>Risk team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Assessing strategic and operational risks - Providing advice on risk mitigation plans - Drafting and delivering risk policies and procedures - Implementing the Work Health Safety (WHS) management system and overseeing audits of compliance with the system - Providing training on relevant risk matters 	<p>Compliance team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Providing training on relevant compliance matters - Conducting monitoring and preventative review procedures to avert or detect incidents of non-compliance - Reviewing and analysing compliance issues and exceptions including remediation plans - Reporting to management (including GMC, Board Risk Committee and the Group Risk Committee) on compliance incidents and initiatives within Dexus - Liaising with regulators 	<p>Governance team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Company secretarial functions across the group - Establishment and implementation of key governance policies - Internal Audit function - Investigating whistleblower matters and significant customer complaints - Supporting Dexus group boards and committees to ensure provision of adequate information to execute their responsibilities 	<p>Sustainability team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Identifying and overseeing activity to manage environmental, social and governance (ESG) risks across the organisation - Driving excellence in asset performance including achievement against environmental targets - Reporting progress against ESG targets and identifying areas for improvement
Management frameworks			
Risk Management Framework	Compliance Management Framework	Sustainability Approach	
<ul style="list-style-type: none"> - Industry engagement - Risk analysis - Workplace health and safety - Audit and assurance - Investment due diligence - Business continuity planning, crisis management and disaster recovery testing - Accept and investigate whistleblower disclosures - Embargoed contractors - Internal audit 	<ul style="list-style-type: none"> - Conflicts of interest - Continuous disclosure reporting - Compliance monitoring - Anti-money laundering policies - Fraud, Corruption and Bribery (Prevention and Awareness) Policy - Information technology and cyber security - Complaints - Board governance 	<ul style="list-style-type: none"> - Resource efficiency - Climate change - Human rights - Inclusion and diversity - Employee engagement and development - Customer experience - Community contribution - Sustainable development - Stakeholder engagement - Supply chain management 	
Reporting and transparency			
Management reporting ASX disclosure Performance disclosure Regulatory reporting Sustainability reporting			

Board and management committees

Dexus Funds Management Limited (DXFM) is the Responsible Entity of each of the four trusts that comprise Dexus. DXFM, along with other responsible entities in the group, is also responsible for management of the group's third party capital partner or investment funds.

The Board implements a corporate governance framework that applies to all DXFM schemes, the Dexus Wholesale Property Fund (DWPF), the Healthcare Wholesale Property Fund (HWPF), capital partner investments and mandates.

To assist stakeholders in accessing key documents outlining our approach to corporate governance, we maintain a Corporate Governance section on our website www.dexus.com/corporategovernance. We publish a [Corporate Governance Statement](#) that presents our governance framework against the ASX Corporate Governance Principles & Recommendations - Third Edition (ASX Principles) and discloses how we continue to meet each of the ASX Principles during the financial year.

While the framework adopted by Dexus meets the requirements of the ASX Principles, it also addresses additional aspects of governance which the Board considers important.

We recommend that this Disclosure of Management Approach be read in conjunction with Dexus's [Corporate Governance Statement](#). Refer to our website for publicly available [policies](#).

The table below describes the committees with a focus on governance, risk management and monitoring.

Committee	Governance role
Dexus Board	The Board sets the tone, culture and objectives of risk and compliance management at Dexus. It sets the corporate standard, establishes effective governance, oversees business performance and provides ultimate accountability for the group. The Board implements a corporate governance framework that applies to the investments of Dexus and its funds, mandates and capital partners.
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 Management Committee (GMC)	Oversees business operations including its management of compliance, risk, governance and sustainability. The GMC comprises the executive team and reports directly to the Dexus Board.
Property Executive Committee (PEC)	Chaired by the Chief Executive Officer (CEO), PEC members include the Chief Investment Officer (CIO), Chief Financial Officer (CFO) and Executive General Managers overseeing operational and strategic objectives concerning: <ul style="list-style-type: none"> - Property Performance - Development and Trading - Customer and Innovation PEC oversees sustainability initiatives and reports to the GMC.
Group Risk Committee	Oversees compliance, internal audit, risk and sustainability initiatives and reports to the 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.
Investment Committee	Reviews and endorses all major investment proposals (including acquisitions, divestments, developments and major capital works) concerning Dexus and each of our third party capital partners.
Corporate Responsibility, Inclusion and Diversity Committee (CRID)	Oversees the development and implementation of corporate responsibility policies and practices that support Dexus's business strategy, and responds to emerging corporate responsibility issues within the built environment. The Committee is chaired by the CEO.
Modern Slavery Working Group	Oversees implementation of initiatives to enhance Dexus's capacity to identify, assess and respond to risks of modern slavery in its operations and supply chain. Oversees measurement of effectiveness, public reporting, training and communication regarding modern slavery. Chaired by the Executive General Manager, Investor Relations, Communications and Sustainability, and reports to the Board Risk Committee.

1.2 Management practices

We have developed a Compliance Management Framework and a Risk Management Framework outlining how we identify and address compliance and risk management. The third arm of our responsible investment approach is our Sustainability Approach which integrates sustainability throughout the group's operations.

These frameworks support the development and implementation of compliance, risk management and corporate governance procedures across the business. The programs allocate the responsibilities of Dexus employees to identify and minimise risk.

The management frameworks support customers, third party capital partners, people development, supplier partnerships and engagement within communities. The frameworks are reviewed on an annual basis to ensure they remain current and adequately address the risks inherent in managing the business.



Compliance Management Framework

Compliance is a vital component of our corporate governance and assists in:

- Building trust with investors and clients
- Protecting our brand and reputation
- Promoting our values
- Demonstrating to stakeholders a commitment to doing the right thing
- Complying with laws, regulations and industry standards

Dexus's Compliance Management satisfies the requirements of the International Standard for Compliance Management Systems – ISO 19600.

Activities conducted within the framework comply with the relevant legislation and regulations including the Corporations Act, Privacy Act, Competition & Consumer Act, Tax & Stamp Duty legislation, Retail Leases Act, Real Estate Licensing Acts, Environmental Acts and Regulations, and Anti-Money Laundering & Counter Terrorism Financing Act.

We promote a culture of compliance through a framework in which all employees contribute and participate. The Compliance team oversees the compliance management framework while the entire business is responsible for ensuring that their business procedures adhere to Dexus's policies.

The framework:

- Acknowledges our commitment to compliance, good governance, ethical behaviour and continuous improvement
- Focuses on protecting the interests of investors, mandate clients, third party capital partners and employees
- Ensures that our financial services and products are provided honestly, fairly and efficiently
- Seeks to prevent, identify and quickly respond to breaches of applicable laws, industry codes and standards and business rules

Activities within the Compliance Management Framework include:

Activity	Description
Legislative and regulatory change	Identifying and assessing changes in compliance requirements due to laws or regulations, contractual requirements, security market requirements, fiduciary requirements and best practice
Employee training	Identifying appropriate compliance training, delivering and facilitating compliance training sessions
Compliance monitoring and reporting	Monitoring processes and procedures to ensure that business units are operating in accordance with legal and internal requirements
Handling exceptions and incidents of non-compliance	Identifying, managing, reporting and overseeing the resolution of compliance incidents
Handling complaints	Overseeing the effectiveness of processes and procedures across business units to manage investor complaint resolution in a timely manner
Communication	Collecting, analysing and reporting compliance information throughout Dexus
Continuous improvement	Regularly reviewing and updating policies to ensure continued relevance. Compliance matters are reviewed by the Board Risk Committee, the Group Risk Committee and the GMC

Conflicts of interest

We have two internal compliance policies for personal and corporate conflicts of interest. They inform employees as to what constitutes a conflict of interest and describe the process for identifying and managing conflicts. Conflicts may arise in a variety of situations including:

- Related party dealings
- Allocating property transactions amongst clients or third party capital partners
- Tenant (customer) conflicts
- Transfer of assets between schemes or clients
- Personal conflicts

All real or potential conflicts are reported to Dexus's Compliance team so that necessary controls are put in place to effectively manage the conflict. These controls may include:

- Ensuring the transaction is conducted at arm's length
- Removal of conflicted employees or teams from the transaction or decision
- Establishing information barriers so that employees and teams operate solely in the interests of the respective clients or third party capital partners
- Avoiding the transaction

Dexus maintains a Conflict of Interest Register which provides a central record of all material conflicts to ensure that they are effectively identified and managed.

Anti-bribery and corruption

We are committed to achieving the highest corporate standards and working against corruption in all its forms, including extortion and bribery.

The Fraud, Corruption and Bribery (Prevention and Awareness) Policy outlines expectations for employee conduct related to lobbying, meetings with law makers and receiving gifts and benefits. Dexus does not make monetary contributions to politicians, political parties, or political campaigns (see our Leading Cities DMA for more information on engagement with government and industry).

Transparency and continuous disclosure

We take an industry leading approach to transparency and disclosure of responsible investment practices. This is supported by the Property Council of Australia's Voluntary Best Practice Guidelines for Disclosing Funds From Operations (FFO) and Adjusted Funds From Operations (AFFO). These measures enable a transparent comparison of financial performance between Dexus and its listed property peers.

We are committed to providing investors, the broader market and other stakeholders with accurate and timely information about material developments. We continue to comply with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. A Continuous Disclosure Committee manages due diligence and compliance against the Continuous Disclosure Policy.

We respond annually to several investor surveys and standards, publish research papers, and formally disclose group performance each year in accordance with the Global Reporting Initiative (GRI) framework.

Compliance monitoring

We conduct ongoing compliance monitoring to ensure that business units are operating in accordance with legal and internal requirements.

We also ensure that management and the Board have sufficient risk and compliance information to enable them to exercise their responsibilities and discharge their duties effectively.

The purpose of compliance monitoring is to:

- Check that controls are in place to ensure that business and/or system processes are operating adequately, function appropriately, and are compliant with relevant laws, regulations, industry standards, codes and internal organisational standards
- Confirm that policies and procedures are being applied and adhered to
- Assist with the identification of actual, possible or imminent compliance incidents
- Test the effectiveness of the compliance policies and structure
- Determine where problems are being encountered within the business and the reason for them
- Identify compliance training needs

Monitoring takes the form of:

- Self-Assessment Checklists
- Compliance review and verification
- Targeted reviews
- Ad hoc reviews

Internal audit program

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve our operations.

Internal Audit assists in improving business performance by providing an independent and disciplined approach to evaluate and strengthen risk management, business processes, internal controls and governance activities across the organisation.

The Group Risk Committee oversees the group's risk management, compliance management and internal audit programs. KPMG performs the activities of an Internal Audit function which reports to the Group Risk Committee and Board Risk Committee.

In the conduct of its activities, Internal Audit plays an active role in:

- Developing and maintaining a culture of accountability and integrity
- Promoting and supporting Dexus's Three Lines of Defence Model by maintaining an independent 'third line' in relation to effective risk management and control
- Facilitating the integration of risk management into day-to-day business activities and processes
- Promoting a culture of risk-consciousness, self-assessment and adherence to high ethical standards
- Maintaining a professional and experienced Internal Audit function, through the engagement of suitably qualified professionals, with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the charter



- Establishing a quality assurance program which supports the operation of internal audit activities and is responsive to the business' needs
- Ensuring that engagements are performed with proficiency and due professional care

The Internal Audit functions include examining, evaluating and monitoring the adequacy and effectiveness of governance, risk management, financial and operational controls designed to manage risks and achieve objectives.

Internal Audit activities involve:

- Developing and implementing a flexible annual internal audit plan, adopting an appropriate risk-based approach, which is approved by the Group Risk and Board Audit Committees
- Assisting us to promote awareness of key risks, our risk culture and risk mitigation activities
- Supporting audit activities through facilitation, process design and advisory services
- Reporting on the outcomes of internal audits to senior management, the Group Risk Committee and Board Audit Committee
- Keeping our employees informed of emerging trends and successful practices in internal auditing
- Assisting in the investigation of significant suspected fraudulent activities and notifying findings to the Group Risk Committee, GMC, Board Risk Committee and Board Audit Committee
- Conducting follow up activities on the status of agreed significant, high and moderate rated recommendations

We maintain an Internal Audit Charter which sets out the roles, responsibilities, authorisation, activities and reporting relationships of the Internal Audit function. The Charter is reviewed and approved by the Board Risk Committee on an annual basis. From 1 July 2019, Internal Audit reports to the Board Audit Committee.

Board evaluation

We recognise that performance measurement and management are integral to our Board's success and we believe that board evaluations can contribute significantly to performance enhancement at the organisational, Board and individual Director levels.

The Board Nomination Committee oversees the Board performance evaluation program. The evaluation process looks at the performance of the Board and its committees. Individual director performance is also evaluated. When appropriate, an independent expert is retained to conduct the evaluation. Any areas for improvement identified in the performance evaluation process are agreed by the Board Nomination Committee which oversees the implementation of process enhancements.

The Performance Evaluation Policy outlines a formal approach to review and improve performance management.

External feedback and grievance procedures

We are committed to continuous improvement and seek to appropriately address feedback received from investors, customers, employees and other stakeholders. Any grievance escalated to the Head of Governance or Head of Compliance is treated as a complaint and is addressed through the Complaints Policy and procedures.

For example, an investor complaint may relate to grievances involving our financial products/services or privacy matters. A customer complaint may relate to a significant issue relating to poor service or a poor customer experience.

We maintain policies and procedures to address grievances formally raised by stakeholders in relation to Dexus, our products or services, or the processes we use for dealing with feedback itself.

Our grievance process emphasises conciliation to ensure that inappropriate and unlawful practices cease and that grievances are resolved in a sensitive and timely manner.

An agreed rectification plan is developed and actioned in accordance with the Dexus Compliance Management Framework. Regulatory authorities may be notified and involved in the procedure to resolve the incident if required.

The Complaints Policy and associated procedures are designed to ensure that:

- Investor, client and potential client complaints are dealt with fairly, promptly and consistently
- Regulatory requirements are complied with
- Any underlying control problems or weaknesses identified by a complaint are appropriately addressed

In accordance with the Australian Standards for Complaints Handling, we seek to:



- Resolve complaints through mutually agreed solutions
- Treat complaints and complainants appropriately
- Provide adequate assistance particularly to those who face barriers to access
- Improve business procedures to prevent future reoccurrence
- Provide clear guidelines of resolution process and time frame
- Provide reasonable access to resources
- Ensure processes and outcomes comply with regulation
- Maintain open communication regarding progress
- Ensure the complainant is protected as stipulated in the Privacy Act

We maintain tailored grievance procedures by stakeholder and based on the nature of the complaint.

Grievance Mechanism			
Employees	Investors and Third party capital partners	Customers, Suppliers and Community	
<ul style="list-style-type: none"> - Grievance procedure - Whistleblower Policy (Your-call) 	<ul style="list-style-type: none"> - Handling investor complaints procedure - Complaints Policy 	<ul style="list-style-type: none"> - Handling property complaints procedure - Complaints Policy - Whistleblower Policy 	
Awareness Channels			
Environment and Health and Safety management programs <ul style="list-style-type: none"> - ISO 14001 EMS and OHSAS 18001 systems across managed portfolio - Identify, assess and manage environmental and safety risks - Site incidents and hazards (e.g. personal injury, property damage, near misses) 	Whistleblower Program <ul style="list-style-type: none"> - Your-call independent service provider - Secure, anonymous, and confidential - Reporting of inappropriate workplace behaviour 	Internal Audit program <ul style="list-style-type: none"> - Outsourced risk based internal audit function - Testing of compliance with controls - Monitor effectiveness of governance, risk management, financial and operational controls 	Dexus website <ul style="list-style-type: none"> - Customers and community members can lodge incidents or complaints

Should a complaint require subsequent remedial action, this may involve employee training, amendments to procedures or controls, or enhancements to monitoring or review processes.

A register of grievances is maintained and reported to the Group Risk Committee and Board Risk Committee where appropriate.

Internal grievances and whistleblowing

To maintain a positive and productive work environment, we have implemented a whistleblower program.

An important part of the program is the open and honest discussion of ethical issues. We encourage employees to raise problems with their manager. Should this not be possible for any reason, employees are encouraged to raise their concerns of possible breaches of law or procedure, irregularity, compliance issue, ethical issue or anything else of concern with any of the following representatives:

- Head of Governance
- Head of People & Communities
- General Counsel
- Director of Dexus
- Dexus's Statutory Auditors, PwC
- Dexus's Internal Auditors, EY

We have also appointed an independent disclosure management service provider, Your-Call, to enable employees and contractors to report securely, anonymously and confidentially information about dishonesty, fraud, unsafe environments, unethical and other inappropriate behaviour in the workplace.

1.3 Risk Management Framework

Effective risk management is critical to the delivery of value to our investors and requires an understanding of risks during all phases of investment from asset selection, acquisition, allocation, ownership and management to disposal. Responsible investment and active property management principles are integrated into our sustainability approach.

Dexus's Risk Management Framework aligns with the Australian and New Zealand Standard for Risk Management – Principles and Guidelines AS/NZS ISO 31000:2009. The framework is built into daily operations in the form of accountabilities, standard operating procedures, tools and templates, management oversight, collaboration and knowledge sharing, as well as audit and assurance.

The Risk Management Framework supports the Risk Management Policy which sets out how the group identifies and manages risks in a consistent, systematic, credible and timely way to minimise the impact of unexpected and undesirable events. We monitor operations and conduct audits to address the following sources of risk:

- Strategic
- Operational
- Legal and regulatory
- Financial
- Reputational and brand related
- Work health, safety and the environment

The Framework includes the following mechanisms for the identification and management of risk:

- Risk workshops where managers identify risks, and mitigating controls within their business unit
- Risk Policies and Procedures which set out the minimum acceptable standard of business practice
- Verification via certifications to ensure adherence
- Exception reporting
- Monitoring and review of control processes
- External review of work health & safety, security and environmental procedures management
- Employee training to promote our risk management requirements and processes

Our property portfolio varies by geographic location, asset type and tenant type. These variables present specific risks that are monitored and managed. The risks relate to health and safety, building safety, environmental, security and insurance risk.

We conduct a comprehensive risk audit and review program to identify, evaluate and mitigate risk in the following areas:

- Health and safety audits: compliance/spot audits, work health and safety risk profile, OHSAS 18001 audit/gap analysis, ISO certification audit, Principal contractor audit, incident investigations
- Building safety: confined space risk assessment, plant risk assessment, façade audits
- Environmental: Hazardous materials review, initial site audit, site re-inspections, ISO 14001 audit/gap analysis, ISO certification audit
- Security: security risk assessment, external security review
- Insurance risk: underwriting assessment, insurance valuations program, risk engineering program

We have developed an in-house property risk management and auditing tool called Periskope that provides systematic and rigorous property risk profiling. Periskope is a single point of access for tools and data, assisting in property risk management.

Risk appetite

We operate in a competitive market and strive to deliver our vision and strategy in a sustainable way to meet the expectations of our investors, third party capital partners, employees, customers (tenants), visitors and the communities in which we operate. Risk is an inherent part of conducting business and we must accept some level of risk in order to pursue our strategic objectives. In so doing, decisions at every level must be made with an informed view of the associated risks and implications.

We maintain Risk Appetite Statements for each Responsible Entity within the group. These statements support each Fund's or vehicle's strategy as well as outlines the amount of risk each vehicle is willing to accept in order to

achieve its strategy. This approach promotes the principle of 'freedom within boundaries' by providing a framework for management to operate within to execute the strategy.

Risk Appetite Statements help to guide decisions by outlining risks or activities for which we have no appetite as well as risks or activities we may be willing to accept (subject to appropriate mitigating controls) in pursuit of strategic objectives.

Risk Appetite Statements are reviewed and approved annually by the relevant Boards.

Health and safety

We recognise our duty of care to investors, customers, employees, agents and the community to manage any work health, safety and liability (WHS&L) risks across our property portfolio. This is reflected within the group performance scorecard.

Our WHS&L statement outlines how we manage WHS risks. It states the group's commitment to maintaining safe properties, working with stakeholders to manage hazards, managing risks and continuous monitoring. We implement contractor management software across all managed properties to manage and monitor contractor compliance against insurance requirements, WH&S and inductions.

Further information can be found within the Thriving People DMA (employee health and safety) and Future Enabled Customers and Strong Communities DMA (property occupant health and safety).

1.4 Integrating sustainability

We integrate sustainability to create sustained value by taking a systematic approach that links our strategy and vision to our actions and performance outcomes through policies and governance frameworks, setting targets and embedding these into day-to-day operations.

Engagement	Policies	Commitments	Practices	Measure and report
We engage with stakeholders to identify and manage material issues which have the greatest impact on our stakeholders	Dexus's ESG policies encapsulate our 'Sustained Value' vision and inform all stakeholders of their legal and corporate responsibilities for the management of environmental, social and governance issues	We set measurable performance targets across our key stakeholder groups in line with our strategy, and we drive ethical and responsible performance in all areas of operations. We integrate sustainability objectives into our group scorecard, which is used to determine individual objectives and remuneration outcomes.	We integrate ESG management practices within day-to-day operations, developments and investment decision making to enhance corporate performance and create sustained value	Within our annual Sustainability Performance Pack, we report our performance across each of our key objectives including achievements against targets. We report our management approaches within our disclosure under GRI Standards

1.5 Evaluation and process improvement

We seek to continuously improve our governance approach through the following:

- An annual review of the Compliance Management Framework and Risk Management Framework
- Independent reviews such as Internal Audits and reviews undertaken by industry experts
- Attending industry forums and seminars, including those provided by law firms and regulators
- Circulars and newsletters from law and accountancy firms and regulators

2 Leading Cities



Disclosure on Management Approach

Contributing to economic prosperity and sustainable urban development across Australia's key cities.

Dexus's strategy is to deliver superior returns from high quality real estate in Australia's major cities. Our focus on cities means that our success is intrinsically linked to the overall growth and prosperity of the cities where we operate.

Our Leading Cities objective contributes to urban prosperity by directing us to invest in, develop and manage world class, sustainable industrial and retail precincts which enhance the amenity and vibrancy of central business districts. Across our buildings, we seek to attract high calibre customers whose businesses support local, regional and national economies.

We expand our reach and engage local communities through collaboration and consultation with authorities and industry associations and work together with peers and other stakeholders to lift urban development standards and share insights.

Focus areas for our approach to Leading Cities include:

- **Understanding market volatility:** Understanding how market volatility impacts supply and demand and absorption of new spaces, which may affect retail, office and industrial leasing terms, rents and vacancy rates
- **Generating economic impact:** Responding to local community and authority interest in precincts and development projects that contribute amenity, vitality and economic prosperity to their area
- **Showcasing sustainable development:** Using our development projects to demonstrate how the urban form can minimise its environmental impact and enhance wellbeing
- **Stakeholder engagement:** Working with our stakeholders to understand what matters to them and use their insights to enhance how we operate

The boundary our approach encompasses Dexus's group portfolio, including development projects, with impacts mainly felt by Dexus's customers, suppliers and local communities.

2.1 Management framework

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee (GMC), collaborate to deliver our objective of Leading Cities. The table below provides insight into the developments and transactions management structure and policy framework, which is an important contributor to our Leading Cities objective. Management of standing investments also contributes to the objective of Leading Cities, and relevant management frameworks for standing investments are described in the Future Enabled Customers and Strong Communities DMA (page 33), Supply Chain DMA (page 40) and Enriched Environment DMA (page 49). Several policies are publicly available on the Dexus [website](#).

Leading cities management framework		
<p align="center">Dexus Board</p> <p align="center">Approval of business plans, investment strategies, property acquisitions, Dexus divestments and developments unless delegated to another committee.</p>		
<p align="center">Group Management Committee (GMC)</p> <p align="center">Responsibility for developing short, medium and long-term strategies and business plans for achieving those strategies</p>		
<p align="center">Investment Committee</p> <p align="center">Consideration and approval or endorsement of investment and divestment proposals, major capital expenditure and certain leases concerning Dexus and each of its managed funds and clients</p>		
<p align="center">Chief Investment Officer</p> <p align="center">Oversight of group strategic direction, capital allocation, and creating value through development.</p>		<p align="center">Executive General Manager Investor Relations, Communications and Sustainability</p> <p align="center">Oversight of group Sustainability Approach and stakeholder engagement.</p>
Development Team	Capital Transactions and Strategy teams	Investor Relations, Communications and Sustainability teams
<p align="center">Responsibilities</p> <ul style="list-style-type: none"> - Oversight of office, industrial, retail and healthcare developments - Management of development process from origination through to sale or handover - Third party contractor management - Incorporation of sustainability objectives into development design and construction 	<p align="center">Responsibilities</p> <ul style="list-style-type: none"> - Originate and execute investment opportunities - Due diligence of acquisitions and developments - Strategic reviews and business case development 	<p align="center">Responsibilities</p> <ul style="list-style-type: none"> - Provide technical advice on execution of sustainability objectives - Integrate emerging stakeholder issues into business strategy - Investor, government and media stakeholder engagement
<p align="center">Policy Framework</p> <p align="center">Development and Construction Due Diligence Investment Procedures Transactions Handbook Capital Transactions Excellence Method Environmental Statement Biodiversity Work Health, Safety & Liability Statement Investor Communications Continuous Disclosure</p>		

2.2 Management practices

Investment due diligence

Dexus has a rigorous process for evaluating the environmental, social and governance (ESG) risks and opportunities relating to investment decisions. This includes reviewing long-term asset plans and conducting appropriate environmental due diligence on acquisitions so that ESG risks are identified and effectively managed.

The Investment Committee reports to the GMC and is responsible for reviewing all investment, divestment and development proposals for Dexus and its third party capital partners.

The Investment Committee recognises its fiduciary duty to act in the best interests of Dexus and its third party capital partners and uses a formal process and templates to collect and evaluate a wide range of data relating to risks, opportunities and impacts before approving or endorsing each investment decision.

Potential acquisitions are screened to ensure responsible investment principles are upheld. The Investment Committee identifies ESG issues that may affect an investment. It then categorises them as:

- Material issues that may 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 are not deemed to affect Dexus or its third party capital partners
- If an issue is uncovered, decisions are made whether to pursue the investment opportunity or mitigate the impact

We review environmental metrics for acquisitions and divestments with reference to our environmental targets and objectives. In some cases, this may present opportunities to reposition and add value to under-performing properties through environmental initiatives. In other cases, when an investment fails to meet our environmental principles, it may prevent an otherwise worthwhile transaction from proceeding.

Developments

Development is integral to enabling the delivery of our strategic objectives of leadership in Australian office and being a wholesale partner of choice and Dexus has a strong track record in developing high quality office, industrial and retail properties in key Australian markets. Our developments have a focus on quality, sustainability, providing vibrant public space and delivering superior risk adjusted returns.

Dexus Development Lifecycle	
Phase	Elements
Origination	<ul style="list-style-type: none"> - Preliminary feasibility - Asset plans and masterplans (if the opportunity involves an existing asset) - Identifying potential constraints, such as planning controls, existing tenancies, internal capabilities, and physical site constraints - Research market and demographic factors - SWOT analysis for the opportunity
Concept development	<ul style="list-style-type: none"> - Setting up a project team, including external consultants - Stakeholder mapping - Developing and endorsing a concept brief
Planning, design and construction	<ul style="list-style-type: none"> - Preparing a development plan and leasing strategy - Obtaining development approvals - Stakeholder engagement - Construction through a third party project manager and builders
Asset sale or handover	<ul style="list-style-type: none"> - Construction completion - Insurances and other regulatory matters - Handover to asset management or capital transactions

Drivers for sustainable development

Our approach to integrating sustainability into our development projects responds to a range of internal and external drivers that underpin ongoing investment in property efficiency and financial and environmental sustainability. These include:

- **Improving rental returns:** The desire to reduce operating costs and manage risk associated with utility prices. Reduced outgoings can mean that Dexus is able to increase profit margins. Evidence has shown that the most efficient and sustainable buildings attract premium rents
- **It makes financial sense:** Investment in energy efficient technology is proven to be 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 competitive, and customers often have a choice of properties to occupy. An increasing expectation among customers is for their property to 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:** Green Star and NABERS ratings quickly enable our customers, investors, and the wider community to assess the relative ESG performance of Dexus properties against industry benchmarks
- **Future proofing:** Dexus tackles ESG issues and maximises property performance as part of its long-term risk management strategy. This ensures the 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, and new legislation

- **Attracting and retaining investors:** ESG performance is one of several criteria in which investors allocate funds. Investors interested in investing in sustainable companies will refer to stock exchange sustainability indices including DJSI and FTSE4Good to assist them

Integrating sustainability issues into development projects

We prepare design briefs for all new developments and refurbishments in conjunction with our customers where applicable. Design briefs describe the scope and nature of the development works and incorporate a range of requirements and minimum standards relating to sustainability 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.

We seek buy-in from prospective customers and agree the final brief before proceeding with construction. We incorporate sustainability into all aspects of the design through the inclusion of sustainable property features including passive cooling, efficient lighting and air conditioning, as well as applying minimum standards to equipment and materials such as insulation R-values and WELS ratings for water fixtures.

The table below provides more detail on the integration of key sustainability elements into development projects.

Element	Dexus's approach
Biodiversity and habitat	<p>Our development sites are often brownfield sites with negligible biodiversity value. Where biodiversity may be impacted by our activities, the Dexus Biodiversity Policy directs teams to ensure our developments have a net positive impact on biodiversity and apply an approach to avoid, minimise, restore and offset adverse biodiversity impacts. Developments seeking Green Star Design & As Built certification are directed to manage biodiversity issues in accordance with Land Use and Ecology category credits.</p> <p>We comply, and direct our suppliers to comply, with development conditions that relate to biodiversity conservation at our development sites.</p>
Building safety	<p>Our development projects are expected to uphold the highest standards in building safety, both in terms of safety during construction and the ongoing operation of the asset.</p> <p>Our goal for all projects is a no harm, safe workplace with zero fatalities, both during the development phase and the ongoing operation of the property.</p>
Climate change adaptation and resilience	<p>We assess potential climate change risks and changes to exposure and vulnerability with regard to future climate scenarios.</p> <p>Developments with high inherent climate change risk that are seeking Green Star Design & As Built certification are directed to manage climate change adaptation issues in accordance with the Adaptation and Resilience credit guidelines.</p> <p>We comply, and direct our suppliers to comply, with development conditions that relate to climate change adaptation at our development sites, including but not limited to flood mitigation measures.</p>
Energy consumption/management and greenhouse gas emissions	<p>Across our developments, we are committed to designing for operational efficiency, targeting net zero emissions from operations. We collaborate with industrial customers to incorporate on-site solar electricity generation for new industrial developments. Developments seeking Green Star Design & As Built certification are directed to integrate energy and emissions management issues in accordance with the Energy category credits.</p> <p>Energy efficiency is integrated into the whole-of-property design process, and projects seek to exceed relevant energy codes and achieve Dexus's Green Star, NABERS Energy targets and support our net zero emissions by 2030 ambition. Common energy efficiency measures include:</p> <ul style="list-style-type: none"> - High efficiency HVAC (heating, ventilation and air conditioning) systems - High efficiency lighting - Independent building commissioning - Occupant sensors and controls to match indoor environmental conditions with occupant requirements - Energy modelling to assess property energy performance and inform design



Element	Dexus's approach
Environmental attributes of building materials	<p>We aim to take a lifecycle approach to inform financial business cases for low embodied carbon for materials at key projects.</p> <p>Developments seeking Green Star Design & As Built certification are directed to address issues regarding the environmental attributes of building materials consumption and management issues in accordance with the Materials category credits.</p> <p>Selection of materials at our development projects is often the responsibility of our suppliers. Dexus's Sustainable Procurement Policy and Supplier Code of Conduct directs suppliers to procure sustainable products and services where feasible that:</p> <ul style="list-style-type: none"> - Have a lower embedded carbon footprint due to selection of raw materials and efficient manufacturing processes - Contain a high recycled content and produced in a way to ensure it can be recycled through common services - Are certified to internationally recognised standards or demonstrate other applicable sustainability criteria - Support our net zero emissions by 2030 ambition
Health and wellbeing	<p>We support occupant health and wellbeing at our developments through focusing on indoor environmental quality and supporting initiatives in property design and subsequent operations.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Indoor Environmental Quality category credits.</p> <p>At select developments, we elect to obtain WELL Certification to further enhance a property's health and wellbeing performance.</p>
Location and transportation	<p>Most of Dexus's portfolio is strategically located in Australia's major cities with strong transport networks. We also encourage active transport by providing end-of-trip facilities in our properties and supporting initiatives such as access to bicycle maintenance through our property portals.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Transport category credits.</p>
Supply chain	<p>Dexus's Sustainable Procurement Policy and Supplier Code of Conduct are included in all developer contracts and direct suppliers to comply with relevant legislation and contribute to our sustainability objectives.</p>
Water consumption/management	<p>We focus on sound water management through designing new properties to achieve minimum NABERS Water standards and integration of water saving measures such as on-site storage tanks and efficient fixtures.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Water category credits.</p> <p>Water management is integrated into the whole-of-building design process, and projects seek to exceed relevant energy codes and achieve Dexus's Green Star and NABERS Water ambitions. Common requirements and measures included in developments are:</p> <ul style="list-style-type: none"> - Requiring high efficiency fixtures to enhance indoor water efficiency - Requiring drought tolerant landscaping and use of non-potable water sources (rainwater, stormwater, greywater) for outdoor uses to enhance outdoor water efficiency - Water system commissioning and tuning to enhance process water efficiency - Leak detection systems - Occupant sensors to control water flows
Waste management	<p>We focus on waste management through development and implementation of construction and operational waste management plans.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Operational Waste and Construction and Demolition Waste credit guidelines.</p> <p>Expected inclusions within construction waste management plans are:</p> <ul style="list-style-type: none"> - Construction waste signage - Targets for waste stream recovery, reuse and recycling - Waste separation facilities - Waste monitoring (including hazardous and non-hazardous waste monitoring) <p>Contractors have financial incentives to recover, reuse and recycle building materials through avoided costs associated with sending waste to landfill. We educate employees on appropriate waste management and support contractors to deliver waste management education at our development sites.</p>

Green building certifications

Dexus selectively rates new developments against the Green Building Council of Australia's (GBCA) Green Star Design and As Built ratings and continues to present Green Star opportunities to all pre-lease construction opportunities. Dexus targets to achieve at least 5 Star Green Star Design & As Built ratings across all new office developments.

During design, developments are expected to consider how the property can contribute to our NABERS Energy and NABERS Water portfolio targets by committing to achieving an ambitious rating upon property completion.

Select office developments seek excellence in property health and wellbeing by targeting WELL certification from the International WELL Building Institute.

Site selection and design

A large proportion of our developments, particularly across the office and retail portfolios, occur within existing developed areas. We seek development opportunities in properties in highly connected urban environments, and integrate our developments with multi-modal transport networks and facilitate active transport options.

When selecting sites in greenfield locations and developing site design, our projects seek to protect, restore and conserve aquatic ecosystems, farmland, floodplain functions, and habitat for threatened and endangered species. These features are often protected through development approval conditions that we comply with and at times seek to exceed in order to achieve a net positive biodiversity outcome (see Dexus's [Biodiversity Policy](#)).

Development approval conditions and other measures included in development contracts help minimise negative impacts of construction by directing projects to:

- Manage waste by diverting construction and demolition materials from disposal
- Manage waste by diverting reusable vegetation, rocks and soil from disposal
- Protect air quality during construction
- Protection surface water and aquatic ecosystems by controlling and retaining construction pollutants
- Protect and restore habitat and soils disturbed during construction

Developments seeking Green Star Design & As Built certification are directed to minimise negative impacts of construction through Responsible Construction Practices and Construction and Demolition Waste credit guidelines. Environmental impact assessments are carried out at all sites and on selected sites social impact assessments are undertaken.

Environmental and health attributes of building materials

Building materials selection for Dexus developments is usually undertaken by development contractors. Dexus's [Sustainable Procurement Policy and Supplier Code of Conduct](#) is built into all development contracts and contains expectations for contractors regarding the environmental performance and health attributes of building materials.

We obtain product data sheets from contractors detailing the environmental and health attributes of building materials as part of the design phase then in the certification of the property for its use. Wherever a development brief is likely to contain hazardous materials, the contractor is to provide independently certified laboratory tested hazardous materials clearance certificates.

Demographics and accessibility

Development design is informed by our Research team, which provides insights into market and demographic trends. These insights are incorporated into development briefs to ensure that the completed property will meet market and demographic demand.

Properties are designed to offer flexibility and adaptability in tenancy design. All developments are required to ensure accessibility in accordance with the provisions of the *Disability Discrimination Act 1992*.

Stakeholder engagement

Building and nurturing strong working relationships with our stakeholders is critical to our value creation. Our key stakeholders include investors, third party capital partners, customers, communities, suppliers, government, media, and our people. We aim to build lasting relationships with our stakeholders through an active program of engagement activities. As part of our periodic materiality assessment, we involve groups of our key stakeholders to help identify key issues that impact our ability to create value for our stakeholders over the short, medium and long term. The table below identifies our key stakeholder groups and how we engage with them.



Stakeholder group	Engagement objectives and activities
Dexus (DXS) investors	<p>Dexus is listed on the Australian Securities Exchange (ASX:DXS) and has a large investor base of approximately 27,000 Security holders. The majority of securities are owned by institutional investors such as superannuation funds, sovereign wealth funds and index funds. Almost half of our investors are based in Australia, with strong representation from North America, the United Kingdom and Asia.</p> <p>Objectives</p> <p>Our engagement with investors aims to:</p> <ul style="list-style-type: none"> - Educate investors about our business using accurate, timely and comprehensive information - Understand investors' perceptions about us - Ensure that our security price reflects fair value - Benchmark our performance using ESG surveys <p>How we engage</p> <p>Dexus has an investor relations and communications strategy that promotes an informed market and encourages participation with investors. This strategy involves providing an open and ongoing two-way dialogue with the investment community and other key stakeholders that integrates the communication of financial and operational performance and regulatory reporting requirements. Enquiries received from Dexus Security holders are addressed in a timely manner in accordance with Dexus's policy on the handling of enquiries and complaints.</p> <p>A core element of our engagement with investors is the comprehensive reporting of our performance through:</p> <ul style="list-style-type: none"> - Half-year and annual reports that include property performance metrics, comparison against benchmarks, key events that have occurred and their impacts on the portfolio including but not limited to acquisitions, divestments and developments. - Annual General Meetings - Sustainability performance reporting including current NABERS ratings, intensity figures for energy, water and greenhouse gas emissions, as well as efficiency improvement projects - Participation in investor ESG surveys and responding to investor requests for ESG information. - Perception studies completed by third parties to understand investor sentiment and our position relative to peers
Third party capital partners (unlisted investors)	<p>Dexus's funds management platform has 79 institutional investors across its seven managed vehicles, with strong representation from Australia, plus Asia, North America and Europe. Third party capital is largely sourced from domestic and offshore superannuation/pension funds, with multi-managers and sovereign wealth funds also represented.</p> <p>Objectives</p> <p>In addition to the objectives for Dexus investors, the funds management business works to:</p> <ul style="list-style-type: none"> - inform its third party capital partners on the broader Dexus business and our integrated model - ensure investor confidence in Dexus's corporate governance processes and management of related party conflicts - understand investment, reporting and regulatory requirements of institutional investors - promote transparency and ongoing two-way dialogue <p>How we engage</p> <p>The wholesale pooled funds hold Annual General Meetings. These funds also provided best-in-class corporate governance through the provision of Investor Advisory Committees (comprised of a combination of majority and minority investors) to oversee key Fund decisions including related party transactions. Joint venture partners and mandate clients are intimately involved in the management of the portfolio and are involved in decision-making on all major matters.</p> <p>Third party capital partners, depending on the vehicle invested in, may receive formal monthly, quarterly and annual reports including property and financial performance metrics, comparison against benchmarks (where relevant), key events that have occurred and their impacts on the portfolio (acquisitions, divestments, developments, etc.).</p> <p>Third party capital partners also have access to dedicated investor internet portal viia the Dexus website enabling self service access to investment information and key documentation on the investment vehicle.</p>





Stakeholder group	Engagement objectives and activities
Government, regulators, and industry	<p>We maintain an active and extensive engagement program to represent the interests of Dexus with various government authorities, politicians and industry bodies.</p> <p>Dexus contributes to industry associations through membership fees and sponsorship opportunities. Our involvement in industry associations is designed to contribute to a collective voice that champions the property industry's role in delivering sustainable economic growth.</p> <p>Dexus and its employees are prohibited from making any financial or in-kind contributions to a political party, politician or related institution, including payment of any annual or other subscription fee for membership of or affiliation with any political party.</p> <p>Objectives</p> <p>The objectives of our engagement with government and regulators include:</p> <ul style="list-style-type: none">- Maintaining our reputation as a contributor to economic growth and leading city outcomes- Understanding potential legal and regulatory changes relevant to the Dexus business- Ensuring authorities have current information about our properties in their jurisdiction- Understanding how we can deliver on civic priorities through our developments and operations, including how we can enhance the public realm of our precincts <p>How we engage</p> <p>The Dexus Investor Relations and Communications team manages our engagement with public authorities and industry associations.</p> <p>We work closely with the main body representing the property industry – the Property Council of Australia (PCA) – to support and encourage effective policy development for the property industry, developing recommendations and drafting submissions to government and statutory authorities. Dexus is represented on a range of PCA industry committees and may be requested to participate in working groups facilitated by the PCA. In these situations, Dexus representatives act for the benefit of the property industry as a whole. Areas of engagement include collaborating on issues such as gender diversity, green building, and strategic urban planning.</p> <p>We also regularly engage with the industry and broader stakeholder communities through speaking engagements, presentations or panel representation, at both Australian and international conferences and events.</p> <p>We engage with local, state and federal government officials and policy makers as needed to discuss and present its views regarding issues such as local and state planning, local infrastructure and the environmental and social impacts of proposed developments. In these engagements, we aim to foster constructive two-way dialogue that aligns Dexus and government interests and delivers a mutually beneficial outcome.</p> <p>The Dexus Risk, Compliance and Governance teams maintain a respectful and transparent relationship with regulators and aim to meet any of their requests for information in a timely matter. We support regulatory examinations and ensure prompt reporting of compliance incidents where required.</p>



Stakeholder group	Engagement objectives and activities
Media	<p>We engage with local, state and national media to communicate news about our activities that is material to markets and of interest to the broader community. We also recognise the value of social media as a communication tool.</p> <p>Objectives</p> <p>Objectives of our media engagement include:</p> <ul style="list-style-type: none"> - Providing relevant, accurate information about Dexus and its activities to media outlets for dissemination - Responding to media requests for information - Managing and strengthening Dexus's reputation <p>How we engage</p> <p>The Dexus Investor Relations and Communications team leads our engagement with mainstream media and social media channels, and is responsible for the coordination of the group's external messaging to ensure accuracy and consistency. We provide a single point of contact for media outlets for enquiries and, through a coordinated program with executives, regularly engage in conversation with key national and state-based media representatives. The Dexus Press and Media Policy provides guidance for employees on engaging with the media and ensuring any information provided is accurate and appropriate for disclosure. All official Dexus spokespeople undertake media training organised by the Investor Relations and Communications team.</p> <p>Dexus maintains a presence on the following social media networks:</p> <ul style="list-style-type: none"> - LinkedIn - Dexus - Facebook - Dexus - Twitter - Dexus - Instagram – Dexus <p>We use these social media networks to disseminate stories about our workspace insights and activities, creating Prism articles of interest to our stakeholders. The Dexus Social Media Policy describes our approach to social media and provides guidance for employees on the appropriate use of social media.</p> <p>We regularly review our media engagement activities, using insights from media monitoring providers and social media networks to understand our reach, emerging issues, and trends of interest to our stakeholders.</p>
Local communities at development projects	<p>All properties (100%) under development engage with local communities and relevant authorities as part of the development approvals process. We recognise the value of community consultation on new developments and refurbishments to address concerns, and for feedback on features that benefit customers and the community.</p> <p>The exact methods of community engagement depend on the nature of the development. Aspects that are generally included in our approach to community engagement include:</p> <ul style="list-style-type: none"> - Identifying stakeholders that may be impacted by the development - Identifying nuisance and/or disruption risks (e.g. noise, traffic changes) - Development and implementation of a communication plan (e.g. hotlines, fact sheets) - Development and implementation of a monitoring plan (e.g. monitoring issues register) - Development and implementation of a risk mitigation plan
Local communities at operational assets	<p>Objectives and activities related to local communities at our operational assets are described in the Future Enabled Customers and Strong Communities DMA, page 33.</p>
Customers	<p>Objectives and activities related to our customers are described in the Future Enabled Customers and Strong Communities DMA, page 33.</p>
Employees	<p>Employee engagement activities and objectives are described in the Thriving People DMA, page 33.</p>
Suppliers	<p>Objectives and activities related to supplier management are described in the Supply Chain DMA, pages 40.</p>

2.3 Evaluation and continuous improvement

We regularly evaluate our overall strategy and employ several mechanisms to monitor performance against strategic objectives, report progress to the GMC, and drive continuous improvements.

The table below specifies key performance indicators that we use to gauge our leading cities outcomes.

Material issue	KPI	Impact
Economic contribution	- Value of portfolio	- Leading destinations that attract economic activity to our cities
	- Portfolio occupancy rates	
	- Construction jobs supported at development projects	- Economic contribution to local communities
	- Gross value added to the economy from development projects	
Sustainable development	- Green building certifications achieved at development projects (including but not limited to Green Star, NABERS, WELL)	- Demonstration of sustainable development outcomes
		- Environmental and health impacts as described elsewhere in this document (e.g. improved health from reduced pollution, enhanced occupant wellbeing)
Stakeholder engagement	- Meetings with investors, government, and other stakeholders	- Enhanced reputation from strengthened stakeholder sentiment and strong, consistent communication
	- Media reach and ASR (advertising space revenue)	- Enhanced communication to general public
	- Social media analytics (followers and engagement)	- Enhanced reputation from strong positioning of brand and business activity

3 Thriving People



Disclosure on Management Approach

Building an engaged and capable workforce that delivers on our strategy.

Our Thriving People objective recognises the direct relationship between the capability of our people and the success of our business. When we effectively engage our people, develop their capabilities and provide opportunities for growth, we are able to harness their full potential and enhance our sustained value creation.

The focus areas for our approach to Thriving People are:

- **Employee engagement and retention:** enthusiastic and engaged employees are most likely to remain at Dexus and contribute positively, leading to better productivity outcomes and lower recruitment costs. We are focused on creating and supporting a culture where our employees are engaged and enthusiastic about the business and their professional development
- **Professional development:** professional development is a core component of recruiting and retaining a talented workforce. We support the ongoing learning and growth of our employees by providing a structured learning and development environment
- **Inclusion and diversity:** an inclusive workplace with a diversity of views is a driver of competitive advantage. Diversity means valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, expression of thought and sexual orientation as well as their experiences, skills and capabilities to create a business environment that encourages a range of perspectives
- **Workplace health and safety:** we have a duty of care to our employees, as well as investors, customers, agents and the wider community to ensure work health and safety risks are appropriately managed
- **Employee wellbeing:** people spend a significant amount of their working time indoors. In addition, mental health, access to water and nutritious food, and ability to exercise have profound impacts on people's health, happiness, productivity and wellbeing. We value our employees and recognise the intrinsic importance of their health and wellbeing as well as its impact on business performance

The boundary for our approach encompasses all Dexus employees and direct contractors across our regional offices and site-based teams within the Dexus group portfolio, with impacts felt across our employees and their families.

3.1 Management framework

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee, collaborate to deliver our objective of Thriving People. The table below provides insight into the relevant management structure and policy framework. Several policies are publicly available on the Dexus [website](#).



Thriving People management framework	
Dexus Board (Board) Responsibility for approving remuneration outcomes and people policies.	
Board People and Remuneration Committee Oversight of people practices by reviewing and endorsing key policies and practices around employee engagement, professional development, succession planning, culture, inclusion and diversity.	
Group Management Committee (GMC) Responsibility for alignment of Dexus's corporate culture with its goals and objectives, and sustaining competitive advantage by maximising available human and other resources and encouraging employee commitment.	
Corporate Responsibility, Inclusion and Diversity Committee Development and oversight of Dexus's strategy in relation to employee wellbeing, inclusion and diversity policies and practices.	
<p style="text-align: center;">People & Communities team</p> <p>Responsible for executing Thriving People strategy across:</p> <ul style="list-style-type: none"> - Employee engagement - Talent attraction and retention - Learning and development - Remuneration - Inclusion and diversity <p>Oversight and management of Dexus's Employee Wellbeing Communities: Give, Grow and Thrive.</p>	<p style="text-align: center;">Risk team</p> <p>Oversight of workplace health and safety</p>
<p>Policy Framework</p> <p>Employee Code of Conduct Inclusion and Diversity Flexible Working Work Health, Safety and Liability Human Rights Whistleblower Training and Education Workplace Behaviour Leave Domestic Violence Leave</p>	

Overarching objectives guiding our approach to Thriving People include:

- Maintaining the right capabilities to deliver on our strategy, focusing on key talent hires, growth in the right areas and anticipating future needs
- Building a culture that supports our values, inclusion and diversity, and risk management
- Supporting an engaged workforce that advocates for Dexus as a great place to work
- Delivering learning programs to build capabilities at all levels
- Enhancing employee wellbeing through benefits, offerings, and the activities of our Wellbeing Communities

Our purpose

Dexus's purpose was defined by our people and sets out themes that guide us on our value creation journey. These themes include:

- Who we are: We are a passionate and agile team who want to make a difference
- Why we come to work: We create spaces where people thrive
- What we believe in: We are here to create value for customers, investors, communities and our people
- How we behave and what we value: Openness and trust, empowerment, integrity

We set annual commitments related to our Thriving People objectives and report on progress against these commitments in our [Sustainability Performance Pack](#).

3.2 Management practices

Employee engagement and culture

We focus on building and sustaining an engaged, high-performing workforce that embraces our purpose and is motivated to deliver on Dexus's strategy. Engaged employees are more likely to generate and implement innovative ideas, apply discretionary effort and act as brand custodians.

We survey our employees at least twice per year to understand levels of engagement and sentiment around workplace issues such as inclusion and diversity, change management, and health and wellbeing. An outcome of these surveys is an employee Net Promoter Score (NPS), which we use as our key metric for tracking engagement. We also analyse survey results by business unit to understand how sentiment varies across Dexus and to identify any focus areas. We set employee NPS targets in our annual reporting and use survey results to inform action plans to lift engagement where required.

Our purpose is an important component of how we engage our employees and instil the right culture. The purpose directs our people to focus on value creation for our investors, customers, employees and communities. It reinforces our values of openness and trust, empowerment and integrity, which underpin our culture.

Our employee surveys have told us that our people value time, flexibility, and health and wellbeing. Our employee benefits offering reflects these priorities, and includes:

- Wellbeing Subsidy is a monthly allowance included in the monthly sum to put towards wellbeing activities
- Five 'Dexus Days', available as additional leave, are provided each year to enhance work-life balance
- Formal and informal flexible work arrangements to assist employees achieve a genuine balance between work, health, family and personal commitments
- Employee Securities Ownership Plan where permanent employees are gifted with \$1000 worth of Dexus securities each year
- Subsidised life insurance
- Deals and discounts through corporate partnerships including but not limited to transport (Divvy and GoGet), Childcare (Guardian Early Learning Centres) and health and wellbeing
- Volunteer day is a paid day each year to provide employees with the opportunity to contribute their time and energy to a charity of their choice

Inclusion and diversity

We are committed to attracting and retaining a diverse workforce that bring a range of perspectives and help us execute our strategy in an ever-changing business environment.

Our [Inclusion and Diversity Policy](#) embraces diversity in gender identity, race, age, disability, sexual orientation, nationality, education, socioeconomic background, work experience, relationship status, family/carer responsibilities and personality. These factors influence the unique perspectives that our employees bring to the workplace. Our people should feel safe and empowered to bring their whole selves to work every day.

The table below summarises objectives and approaches within our inclusion and diversity strategy.

Inclusion and diversity strategy goal: Equality is a business and cultural norm		
Objectives		
Employee	Customers	Community
<ul style="list-style-type: none"> - Foster an inclusive culture - Recognise the unique needs of employees - Empower employees to use diverse talents 	<ul style="list-style-type: none"> - Use diversity to achieve high performing culture - Differentiate Dexus from competitors - Enable delivery of outstanding results and service 	<ul style="list-style-type: none"> - Ensure Dexus's population is demographically diverse and reflects the communities we operate
Management Approach		
Dimensions	Levers	Processes
<ul style="list-style-type: none"> - Gender identity - Caring responsibilities - Ethnicity and culture - Sexual orientation - Age and generation - Indigenous culture - Person with a disability 	<ul style="list-style-type: none"> - Talent pipeline - Pay equity - Leadership - Inclusive culture - Recruitment - Training and development - Job design and flexible workforce - Strategies, policies and procedures - Measurement and monitoring 	<ul style="list-style-type: none"> - Research, understanding, debate - Events, campaigns, awareness raising - Policies, procedures, programs and training - Workforce and recruiting - Customer and supply chain - Public commitment

The table below describes initiatives in our workplace that enhance inclusion and assist our employees to maintain the work-life balance that works best for them.

Initiative	Description
Gender equality and pay parity	
Male Champions of Change	<p>Darren Steinberg, Dexus Chief Executive Officer, champions gender equity within the property industry as part of the Male Champions of Change program.</p> <p>Darren is actively involved with other property CEOs to drive gender equality and increase female representation at senior levels.</p> <p>Dexus is encouraging gender balanced forums and panels for internal and external events, as well as encouraging Dexus's external partners, suppliers and conference organisers to adopt Dexus's approach.</p>
Gender diversity targets	<p>Dexus's diversity commitment includes establishing measurable diversity objectives.</p> <p>Dexus has set a gender equity target of 40:40:20 (40% female, 40% male and 20% any gender) in senior and executive management roles by 30 June 2021.</p>
Pay parity	<p>Dexus closely monitors remuneration across its workforce with a view to achieving and maintaining pay parity in like-for-like roles.</p>
Paid parental leave	<p>Dexus provides paid parental leave for both primary and non-primary carers in addition to statutory entitlements (regardless of gender). Dexus also ensures continuity of superannuation throughout unpaid parental leave. Dexus provides a Return to Work Program to support employees transitioning from parenting to work, either part-time or full-time.</p> <p>Paid parental leave entitlements are available to eligible employees regardless of gender. Dexus recognises the gender imbalance with regard to traditional caring responsibilities and actively encourages its male employees to access paid parental leave entitlements.</p> <p>All parental leave benefits exceed statutory minimums and are available to eligible employees regardless of whether they are also eligible for government-issued benefits.</p>
Girls in Property	<p>Dexus launched 'Building a Future in Property', a property career expo targeting women interested in working for the property industry alongside industry peers.</p> <p>Dexus supported the Property Council of Australia's campaign to raise awareness and encourage greater female participation in the property industry to foster a sustainable pipeline of talent for the growing industry.</p>



Initiative	Description
Inclusion	
Wellbeing communities	Internally, Dexus has established three Wellbeing Communities (Grow, Give and Thrive) to research, elect and implement employee programs.
Harmony Day	Dexus celebrates cultural diversity on Harmony Day which coincides with the United Nations International Day for the Elimination of Racial Discrimination.
NAIDOC Week	NAIDOC Week is celebrated annually to remember and recognise the history, culture and achievements of Aboriginal and Torres Strait Islander people. Dexus participates in the Share-A-Book program where books are donated to indigenous, refugee and marginalised communities.
Employee assistance	
Flexible working	Dexus strives to create a work environment which encourages and promotes a healthy work-life balance and offers flexible working hours to support this. Dexus has introduced a Flexible Work Policy, enabling employees to arrange flexible working arrangements with their manager. This policy seeks to increase personal wellbeing and employee engagement, improve team performance and motivation, maximise productivity and retain talent. Underpinning our commitment to workplace gender equality are formal policies including Dexus's My Personal Flexibility Plan, which gives each employee the flexibility to choose their place of work that best supports their productivity, and records employees' flexibility goals in their individual annual performance scorecards.
Childcare placement	Childspace is an industry first initiative that offers priority of access to childcare spaces for Dexus customers and employees at over 90 Guardian Early Learning Centres nationally.
Acting on domestic violence	Dexus promotes awareness of domestic violence and its impacts on victims' health and safety, their wellbeing and their productivity. Dexus has introduced a Domestic Violence Leave Policy to provide Domestic Violence leave as well as the Employee Assistance Program to employees who need help to break these patterns of behaviour. Dexus supports White Ribbon Day, the International Day for the Elimination of Violence against Women.
Employee assistance program	Dexus provides a confidential counselling service for employees and their eligible family members.

Employee health and safety

Our Work Health, Safety and Liability (WHS&L) policy governs the health and safety of employees, investors, customers and the community. The policy governs the development, management and monitoring of tailored WHS&L risk management systems, training of personnel, and designation of responsibilities and resources to meet program obligations. It also governs the group's Return to Work policy for injured employees, in addition to monitoring, evaluation and reporting of our WHS&L performance.

We implement a comprehensive workplace health and safety program that is certified under OHSAS 18001, an internationally applied standard for occupational health and safety management systems. Through this system, we comprehensively monitor the health and wellbeing of employees and manage solutions to prevent workplace incidents. Our support goes beyond minimum compliance and reflects the group's commitment to employee wellbeing (see *Employee wellbeing* section below).

The Dexus Workplace Health, Safety & Environment (WHS&E) Committee is open to all employees and functions to:

- champion health and safety initiatives in the workplace
- ensure Dexus workers are represented in health and safety matters
- facilitate co-operation in instigating, developing and carrying out measures to improve the health and safety of workers
- assist in the ongoing development of safety standards, rules and procedures
- consider and address findings from health and safety audits or monitoring reports

We ensure all of our employees are provided with adequate information, instruction and training to perform their job safely. All Dexus employees undertake the Dexus WHS&E induction upon commencement of employment.

Our People & Communities team maintain a record of employee attendance and ensures that employees can access the Dexus Employee Handbook.

The WHS&E representatives, Risk team, and People & Communities team identify all additional WHS&E competencies for the organisation and assign training to employees as required. The People & Communities team assists our employees in maintaining a training plan that is documented in each employee's performance management process and reviewed twice per year. Additional WHS&E training responsibilities are assigned to employees with regard to:

- WHS&E competency requirements of existing policies and procedures
- WHS&E competency requirements of safe work practices
- levels of risk associated with work roles
- specific licensing requirements (if any)
- any industry qualifications that may be required to carry out particular tasks

Our Readinow data management system provides a single source of truth for employee incident reporting, risk and compliance information. Employee health and safety is also supported by our Periskope risk management database, which contains information on property-related risk assessments, processes, manuals and audit information. Health and safety programs are subject to annual external audit and improvement plans are monitored by the Risk team and the employee Work Health Safety and Environment Committee. Health, Safety and Environment risk management are also overseen by the Board Risk Committee and the Board.

To maintain our strong risk, safety and organisational culture we have embedded WHS&E into the Group scorecard through a safety audit score and we maintain a standing target of zero fatalities.

Employee wellbeing

We recognise the impact a person's time at work can have on their lifestyle and we aspire for our people to be fit, healthy and engaged. To make a positive and lasting impact on our employees' lives, we established employee wellbeing communities to create positive connections in the workspace by:

- Developing healthier minds and bodies
- Creating an inclusive and diverse culture
- Building sustainable workspaces for the future
- Enhancing professional capabilities

The Wellbeing Community Framework is centred around wellbeing communities led by people from across Dexus. There are three Wellbeing Communities:

- Grow – focusing on professional development, employee benefits and recognition
- Thrive – focusing on employee wellness and social cohesion
- Give – focusing on employee participation in community contribution and volunteering initiatives.

Wellbeing community members coordinate many initiatives including Wellbeing Month and National Safe Work Month, dedicated to promoting wellbeing and safety respectively in the workplace. We report on activities and programs delivered by our Wellbeing Communities in our annual Sustainability Performance Pack.

The Wellbeing Communities created #chatdexus as an interactive online platform on the Dexus intranet enabling employees to collaborate, share ideas, knowledge and tips in an open forum. The platform provides:

- An efficient and strong platform to engage with the business
- A channel through which employees can connect with each other and across all locations
- An increased awareness of group-wide initiatives, promote successes and increase interest in Wellbeing Communities.

Professional development

At Dexus we take a blended learning approach, recognising that the best learning comes from a variety of methods:

- Experience - learning through doing
- Exposure - learning through others
- Education - formal learning such as classroom sessions and online learning

We design and implement a comprehensive learning and development curriculum to build employees' skills, knowledge and experience to deliver business objectives. The Training and Education Policy outlines the framework for training employees with a focus on strategic training needs that Dexus has identified:

- Ensuring that employees maintain the necessary knowledge, skills and experience required to perform their job functions and responsibilities fairly, honestly and efficiently
- Developing new knowledge and skills to foster innovation and to grow employees' capabilities
- Updating knowledge and skills for changes to legislation, regulatory policies and standards, company policies and procedures, economic and financial developments, new products and new market practices
- Ensuring compliance with relevant industry training standards and qualifications
- Increasing awareness of our Compliance policies and expectations relating to ethics and integrity

Managers undertake skills gap assessments for each employee to ensure they have the necessary capacity, competence, knowledge, training, seniority and skills to perform their role.

Employees work with their managers to prepare and implement individual training plans to maintain and update employee skills and knowledge. Activities include executive coaching, a mentoring program, study assistance and a talent management process designed to foster employee development.

Training activities also extend to developing the capabilities of the group's partner providers, including onsite training of facilities management teams in the operation of enhanced building management systems and customer service.

Leadership development

We conduct leadership development programs to enhance the capabilities of management and to drive commercial and cultural change. Our leadership program includes individualised development plans that target improvement in specific behaviours, skills and knowledge, along with experiences to enable success in the leadership role.

An online performance management system is used to manage and improve leadership abilities of managers and facilitate employee self-development. People managers participate in Dexus Management Essentials which equips new leaders to meet team leadership and role responsibility challenges.

Directors attend facilitated education and training events to meet their Continuing Professional Development requirements and contribute to their obligations set by the Australian Institute of Company Directors (AICD).

Employee attraction and retention

Attraction, engagement and retention of employees is an integrated and continuous process. The GMC implements the talent management process and the Board People & Remuneration Committee oversees this process.

Our recruitment model incorporates the following aspects:

- Promoting opportunities internally first to aid career development and retention
- Utilising advanced recruitment technology to support an enhanced best practice recruitment process
- Operating a careers website to capture talent pools for key job segments.

This model provides an efficient way to access a diverse range of talent pools, enabling the group to attract the best people effectively.

Employees who are moving on from Dexus may be eligible for Directioneering, which is a career transitions program that assists with exploring career options and supports them through implementation. The program has five levels of career transition tailored to provide appropriate support for the individual.

Performance management

Employees undertake ongoing check-ins with their managers to:

- Evaluate progress against targets and objectives
- Agree with their manager on targets and objectives
- Agree on a personal development plan
- Discuss personal flexibility needs

We adopt a Balanced Scorecard methodology to manage executive and employee performance. These measure contribution and achievements against threshold, stretch and outperformance targets. Scorecards also motivate all leaders and employees to strive for outperformance within their teams.

Key performance indicators (KPIs) are agreed with each employee in collaboration with their manager, to provide a measurable yardstick against actual performance. KPIs vary for each employee depending on their role. However, all employees' KPIs include a subset which aligns with organisational goals and values.

Teams develop scorecards of objectives with associated measures to align with the overall company objectives. The Team scorecards are monitored and updated as priorities change.

Reward and recognition

We recognise and reward employees who contribute to the success and growth of the group. Our remuneration structure is based on:

- Market competitiveness
- Alignment of performance payments with the achievement of financial and operational objectives that support the group's risk framework and values-based culture
- A targeted mix of remuneration components including immediate performance payments and deferred performance payments linked to returns over the longer term

The Board People & Remuneration Committee reviews trends in employee reward structures and strategies in other comparable companies. The annual employee remuneration review considers gender pay gaps to maintain gender pay equity.

All Dexus employees are employed in Australia and are paid at or above the Australian minimum wage.

Freedom of association and collective bargaining

Dexus employees are employed under individual contracts which comply with the National Employment Standards (NES). All employees are covered by the conditions of an Award or of the NES. Dexus places its employees on an individual agreement, which cannot under legislation, remove any rights an employee has under an award for NES. These awards or standards clearly indicate the all employees are free to associate, and as per the Dexus [Human Rights Policy](#) we do not engage in any practices that discourage freedom of association nor collective bargaining.

Human rights

Dexus's [Human Rights Policy](#) outlines commitments to sustainable procurement, indigenous rights, equal opportunity and relevant legislation. Dexus reviews and monitors human rights against the policy internally and with key service providers and business partners.

The Dexus People & Communities team use a human rights due diligence process including an identity and visa status check during the recruitment process. Any material issues such as a candidate's inability to evidence their right to work will lead to the abandonment of potential employment. All Dexus employees earn wages above Australian legal minimums and are free to associate and enter into collective bargaining agreements.

We uphold human rights in our workplace through:

- building an inclusive and diverse workplace that is free from discrimination, bullying and harassment, and that offers equal opportunity in career advancement
- providing leave entitlements and other benefits enabling employees to enjoy the right to family, recreation and work-life balance
- focusing on employee health and safety through risk management and wellbeing initiatives

Other focus areas identified by the People & Communities in recent human rights assessments include:

- addressing the gap in superannuation to women due to taking parental leave
- reviewing policies and support systems available to employees suffering from domestic violence
- providing services and support systems to employees experiencing mental health concerns.

Dexus conducts exit surveys for staff that leave the business. The surveys help Dexus determine whether organisational culture or human rights considerations contributed to an employee's departure.

3.3 Evaluation and continuous improvement

We regularly evaluate our group strategy and employ several mechanisms to monitor performance against strategic objectives, report progress to the GMC, and drive continuous improvements.

The table below specifies key performance indicators that we use to gauge employee culture, engagement and related themes

Material issue	KPI	Impact
Talent attraction and retention	- Workforce use of flexible working	Enhanced employee satisfaction Stronger employee retention Reduced turnover costs
	- Employee NPS	Reduced incidence of discrimination/harassment
	- Culture index	Enhanced discretionary effort Stronger business ethics
	- Proportion of roles filled internally	Reduced turnover costs
	- Turnover	
Inclusion and Diversity	- Proportion of female senior management	Enhanced decision-making
	- Proportion of female board of directors	Reduced turnover costs
	- WGEA Employer of Choice	Reduced incidence of discrimination/harassment
	- Performance in industry benchmarks	
	- Employee demographics	
Equal remuneration	- Gender pay gap in like-for-like roles	Enhanced employee satisfaction Stronger employee retention Reduced turnover costs
Human capital development	- Employees with performance reviews	Enhanced discretionary effort Stronger employee retention Reduced turnover costs
	- Participation in training programs	Enhanced employee capabilities
Health, safety and security	- WH&S metrics (e.g. lost time injury frequency rate, medical treatment injury frequency rate, fatalities)	Healthier employees Reduced incidence of injury Lower absenteeism Reduced costs associated with workplace injury
Human rights	- Proportion of employees and operations assessed for human rights	Enhanced employee retention
	- Discrimination, harassment and other code of conduct breaches	Compliance with local and international laws and conventions

4 Future Enabled Customers and Strong Communities



Disclosure on Management Approach

Creating value through strong, enduring relationships with our customers, local communities and suppliers.

Dexus owns and manages a diverse Australian property portfolio including office, industrial, retail and healthcare properties, comprising more than 5,000 customers. Our customers vary in size from small businesses to major corporate and government organisations including:

- Listed and privately held companies in the fields of banking, property management, insurance, legal, transport and logistics, retailing, telecommunications and mining
- State and federal government agencies that require minimum building performance standards
- Small to medium enterprises including accountants and consultants
- Major supermarkets and department stores
- Media and entertainment cinema operators
- Small independent retailers, cafes and restaurants

Our most material customer-related issues are:

- **Market volatility:** Market volatility risks affecting retail, office and industrial leasing including balancing supply and demand and absorption of new spaces, which may affect leasing terms, rents and vacancy rates
- **Customer attraction and retention:** Engagement with customers and the quality of service they receive may impact our ability to attract and retain customers and influence the terms of their lease agreements

The boundary for our approach encompasses all customers within the Dexus group portfolio, with impacts felt across their businesses and their employees.

We also interact with the broader community where we operate. Our most material community-related issues are:

- **Health, safety and security:** we have a duty of care to ensure our properties are safe and deliver healthy environments. We promote health and wellbeing through community programs and activities and in the design of spaces
- **Economic impact on local communities:** We are a major stakeholder in the communities where we operate, and contribute to local communities via corporate giving, community collaborations and partnerships, providing local employment opportunities both through development construction and through the occupation by customers of our property, and delivering community infrastructure including creating spaces where the community can interact

The boundary for our approach encompasses charitable activities for not-for-profit partners and communities surrounding the properties within the Dexus group portfolio.

We report on our supply chain within the value creation outcome of future enabled customers and strong communities. Our Supply Chain DMA is provided at page 40.

4.1 Management framework

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee, collaborate to deliver our objectives of Future Enabled Customers and Strong Communities. The table below provides insight into the relevant management structure and policy framework.

Customers and community management framework		
Dexus Board (Board)		
Oversight and approval of targets and general strategies for customer experience and community contribution		
Group Management Committee (GMC)		
Ultimate responsibility for alignment of customer experience and community contribution activities with Dexus's strategy		
Property Executive Committee	Corporate Responsibility, Inclusion and Diversity Committee	
Management committee with responsibility for overall guidance of effective property management	Management committee overseeing community contribution, social enterprise and corporate citizenship strategy	
Delivery functions		
Customer Office Project Management Group Office Development (including City Retail) Office and Industrial Property Management Retail Operations and Development Sponsorship and Events Marketing Sustainability Risk Compliance		
Focus areas		
The Dexus experience Customer strategy	Active property management	Community contribution
<ul style="list-style-type: none"> - Customer service - Customer engagement and satisfaction - Concierge service - Customer products and services - Property community portals - Customer amenities including end-of-trip facilities and wellness rooms - Dexus Response Centre - Dexus Place, SuiteX - Health and wellbeing services 	<ul style="list-style-type: none"> - Green leasing - Wellplace - Occupant health and safety - Property risk management - Property environmental ratings - Environmental management system - Continuous improvement targets - Flexible space - Community Managers 	<ul style="list-style-type: none"> - City partnerships - Connecting with local communities - Local job creation - Corporate donations - In kind support - Volunteering - Community event partnerships and sponsorships
Policies and commitments		
Work Health, Safety and Liability Statement Corporate Responsibility Community Complaints Policy Dexus Customer Promise		

Key policies guiding employees on managing customer and community issues include:

- Work Health, Safety and Liability Statement Policy
- Corporate Responsibility Community Policy
- Complaints Policy

These policies describe our position on appropriate conduct and behaviour relating to health and safety, civic duty, community engagement, volunteering, philanthropy, process to dealing with a genuine grievance or complaint. Refer to our [website](#) for publicly available policies.

Customer and community objectives

We address customer-related material issues through the following objectives:

- Tracking market volatility and underlying drivers through ongoing research and market analysis
- Adopting a forward leasing strategy designed to manage volatility and deliver stable investor returns
- Securing pre-commitment agreements from new customers and rent guarantees from developers in managing risk for new developments
- Maintaining service excellence to attract and retain high quality customers
- Delivering the best customer experience in Australian real estate through the Dexus customer promise

- Providing safe and productive working and recreational environments
- Maximising property operational efficiency to reduce resource usage and waste, while maximising customer safety, comfort and amenity

We address community-related material issues through the following objectives:

- Enhancing community engagement through employee volunteering which assists charities including but not limited to children and young family support, homeless support and land care organisations
- Supporting charities and community organisations through facilitating events in our office foyers and within retail centres, and raise awareness through community portals
- Providing safe, productive work and recreation environments, with high standards of occupational, health and safety, security and indoor environment quality
- Encouraging community wellness by providing access to wellbeing offerings through property amenities, community portals and fitness programs

Each year we set, review and update corporate commitments within our responsible investment framework following input from our stakeholders. Refer to the Dexu 2019 [Sustainability Performance Pack](#) for details on annual commitments and progress against customer and community priorities.

4.2 Management practices

Dexu Customer Promise

Our aspiration is to build the world's best office platform, renowned for customer centricity and consistently outperforming industry benchmarks. We know that our customers are more likely to be satisfied when we listen to their concerns and address their needs. Our customer-centric approach is underpinned by our Customer Promise to:

- Listen, understand and respond to customer needs
- Make things 'simple and easy'
- Innovate to enrich the customer experience

Our customer promise drives the way in which we operate and contributed to our goal of being a workspace partner of choice.

The Dexu experience

Listening to our customers, we have curated a range of services that are carefully designed to satisfy the everyday needs and enhance the experience of the people who work in our properties. The services we provide are grouped into the four key pillars of Wellbeing, Convenience, Community and Sustainability.

- **Wellbeing:** Offering services and amenities that promote the health and wellbeing of customers through quality end-of-trip facilities, yoga, Pilates and fitness classes. (explained further at 'Occupant wellbeing' below)
- **Convenience:** Delivering a convenient work experience through five-star concierge, priority access to childcare, transport solutions, simple and easy leases, and access to Dexu Place, a tailored extension of our customers' work environment that includes meeting, training and conference facilities and bespoke event space supported by state-of-the-art technology
- **Community:** Creating customer communities through activations in our office foyers, convenient local shops, and online property community platforms providing workplace news and information, events and retail offerings
- **Sustainability:** Working with our customers to achieve energy, water and waste efficiencies for their tenancies along with sustainable fit-out designs

Customer and occupant health, safety and wellbeing

Dexu implements a safety management system that is certified against OHSAS 18001 to address work health, safety and liability (WHS&L) property risks.

Customer involvement is critical for ensuring a safe and productive workplace environment. Dexu engages with customers to identify, assess and mitigate workplace hazards/impacts, review risk processes, introduce or change monitoring procedures and propose changes to premises, work systems, plant or substances used.

We believe we have an important role in enhancing the health and wellbeing of our customers - both in communities and our value chain. A truly sustainable property integrates environmental and social elements by providing a healthy physical environment. We recognise industry trends towards healthy living and evidence-



based research demonstrating the costs of ill-health to corporate productivity. We have listened to our customers that have identified health and wellbeing as the highest importance to them and their business. Embracing wellness enables us to attract and retain high quality customers and maximise financial performance through high occupancy rates and the ability to set rents that take into account the delivery of products and services across our portfolio.

We promote occupant wellbeing by delivering healthy, productive working lifestyles and environments to our customers and their employees and surrounding communities.

We actively manage property accessibility, indoor environment (internal temperature, humidity and air quality), acoustics, access to natural light, and overall performance to create comfortable indoor working environments that maximise health and productivity.

Through Wellplace, Dexus customers have simple and easy access to a suite of health and wellbeing services, offerings and amenities within the properties and via online community property portals. Wellplace makes it possible for customer of all sizes to offer their employees the same services that have often only been available for large organisations. This includes integrating fitness into office life by providing quality end-of-trip facilities, including bicycle storage and group fitness, yoga and Pilates classes.

We apply the following structure to our Wellplace offer:

Wellplace		
Goal: Healthy, enriched, productive customer communities		
Founding Pillars	Key areas of focus	Implementation pathways
<ul style="list-style-type: none"> - Global health trends - Property industry trends - Public health research - Customer feedback - Stakeholder consultation 	<ul style="list-style-type: none"> - Mind - Body - Nutrition - Community - Environment 	<ul style="list-style-type: none"> - Community engagement - Education and awareness - Onsite initiatives - Industry partnerships - Amenities and design

Leasing approach

We take an active leasing approach to drive portfolio performance and reduce forward lease expiry. Our ‘simple and easy’ lease is designed to simplify negotiations and adopts a common-sense approach centred on creating a partnership with our customers in the execution of the lease. Our portfolio-wide approach to forward leasing provides flexibility to accommodate customers’ needs within the group portfolio, enhancing customer retention and minimising downtime.

We play a leading role in developing the Better Building Partnership (BBP) and were instrumental in designing and communicating its green leasing standard and Gold Lease badge which defines a best practice approach for property owners and occupants to collaborate on sustainability initiatives, encourages information sharing and cooperation and removes barriers to implementing mutually agreed improvements over time.

The green leasing standard is a world-first, aimed at helping property owners and occupants to benchmark their agreements against others and save on power and water bills. Dexus’s simple and easy lease is Gold Lease rated under the BBP leasing standard, which is the highest level available. This enables an active partnership between Dexus and our customers and seeks to deliver better environmental outcomes and reduce outgoings.

Flexible space

Our customers are increasingly demanding flexibility in their workplace. Our customer solutions that embrace these demands include:

- Dexus Place: Purpose built, state-of-the art meeting, training, conference and research facilities designed to be an extension of customers’ workspace and provide a more cost-effective way to connect
- SuiteX: A flexible workspace that provides greater flexibility in tenure (through a short-term lease) and space with modular design enabling businesses to quickly scale up or down and for Dexus to reuse the fitouts, achieving cost efficiencies

Meeting customers’ sustainability needs through active property management

We actively manage the environmental performance of our properties and target continuous improvement to reduce energy and water consumption and carbon emissions and provide optimal working environments. This assists our customers in meeting their own sustainability objectives and priorities by providing workplaces that are designed and operate to the highest sustainability standards. Customers directly benefit via reduced costs from resource consumption efficiencies and productivity improvements from healthier working environments.

We selectively rate new developments against the Green Building Council of Australia's (GBCA) Green Star Design & As Built rating tool and continue to present Green Star opportunities to all pre-lease construction opportunities.

Operational performance is benchmarked using NABERS and Green Star Performance ratings schemes. Specialist systems support the identification and rectification of issues in building mechanical systems to help maintain optimal property performance.

Refurbishments consider energy efficiency and the environmental impacts of products and services. We engage with customers on sustainability upgrades in properties and how they can achieve efficiencies in their tenancies. We provide fit-out guides that encourage the use of sustainable products and whole life costings.

Health and safety of customers and communities at Dexus properties

Customer involvement is critical for ensuring a safe and productive workplace environment. We engage with our customers to identify, assess and mitigate workplace hazards/impacts, review risk processes, introduce or change monitoring procedures and propose changes to premises, work systems, plant or substances used.

Local community contribution and engagement

Local community contribution and engagement at our operational assets is focused on enduring our properties support the prosperity, cohesion and wellbeing of the communities in which they are located. We actively support local communities through:

- **Community engagement:** Corporate giving including donations, sponsorships, event partnerships, in-kind support and volunteering
- **Connecting with local communities:** Connecting with customers and communities across our retail centres, collaborating with local councils, chambers of commerce and industry groups on community issues
- **Community hubs:** Creating community hubs for work and recreation at our sub-regional shopping centres and across the city retail precincts which are connected to CBD office properties
- **Community safety:** Interacting with local authorities and the community to proactively maintain safe precincts. Retail centre management works with at-risk youth through local youth groups and schools to take steps towards building safer communities
- **Community investment:** Consulting with the community on new developments and refurbishments to address community concerns, and for new developments incorporating features that benefit customers and the community
- **Creating vibrant working environments:** Connecting with customers at a property level to make their office and industrial properties and the communities they serve vibrant and safe
- **Activating public spaces:** Creating vibrant spaces and experiences, using placemaking to bring the community together
- **Supporting women:** Empowering women in the property industry through hosting events within the property community to raise awareness of gender equality and unconscious bias to urge action.

4.3 Evaluation and process improvement

Customers

We value our customers' opinions and actively engage to assess customer satisfaction levels, gather feedback on our performance, and gain insights to drive innovation.

We have conducted annual customer surveys since 2013 to understand customer sentiment, drive improvements, and monitor the impact of initiatives. In addition, we invest in a Mystery Shopper program that looks at performance across key public areas to anonymously assess performance across:

- External appearance including façade, entrances and lobbies, and car parks
- Interior areas such in lobbies, foyers, seating areas and elevators
- Interaction with concierge, security and cleaning personnel
- Property facilities including end of trip, bathrooms, and retail tenancies

Detailed insights are gathered which provide valuable, independent feedback to facilities management on the day-to-day experience our customers receive.

We use the following key performance indicators to measure the performance of our customer service approach. Annual targets for customer satisfaction and retention drive our leasing and engagement strategies.

Objectives by customer material issue	KPI measure	Impact
Customer attraction and retention		
Deliver exceptional customer service	<ul style="list-style-type: none"> - Customer satisfaction rating with the property manager (1 to 10 scale) - Customer satisfaction rating with the property (1 to 10 scale) - Net Promoter Score (NPS) (-100 to +100 scale) 	<ul style="list-style-type: none"> - Enhanced customer productivity - Enhanced customer wellbeing - Expanded customer base from customer referrals
Property performance	<ul style="list-style-type: none"> - NABERS Energy and water portfolio ratings, which are measured on a scale of 0 to 6 stars, as defined within the National Australian Built Environment Ratings Scheme (NABERS) - Green Star Performance ratings administered by the Green Building Council of Australia (GBCA) 	<ul style="list-style-type: none"> - Reduced outgoings for customers - Enhanced customer wellbeing
Portfolio customer retention rate	<ul style="list-style-type: none"> - Proportion of customers retained within the Dexus portfolio - Likelihood to renew (1 to 10 scale) 	<ul style="list-style-type: none"> - Stronger financial returns from longer leases and reduced downtime between leases
Customer engagement on sustainability	<ul style="list-style-type: none"> - Take up of Green Lease clauses within leases 	<ul style="list-style-type: none"> - Reduced outgoings for customers
Market volatility		
Active forward leasing	<ul style="list-style-type: none"> - Weighted average lease expiry 	<ul style="list-style-type: none"> - Stronger financial returns from longer leases and reduced downtime between leases
Minimise property vacancy	<ul style="list-style-type: none"> - Vacancy rate: vacant area as a proportion of lettable area 	<ul style="list-style-type: none"> - Stronger financial returns from longer leases and reduced downtime

Communities

The Corporate Responsibility, Inclusion & Diversity Committee (CRID) monitors and manages Dexus's community engagement programs. CRID reports directly to the Board People and Remuneration Committee and comprises business-wide representatives.

The Committee annually reviews the community engagement strategy and maintains regular contact with charity partners. The committee implements the community approach across the business and also sets and tracks performance against annual targets, collating the value and benefit to the community of the corporate responsibility program.

We use the following key performance indicators to measure the benefit of our community engagement program.

Community contribution objective	KPI measure	Impact
Corporate giving	- Financial value of cash donations to charitable and community organisations	- Direct support for community issues - Enhanced reputation among communities
In-kind contributions	- Financial value of space provided for use by charitable and community organisations - Financial value of use of awareness-raising tools such as online portals and lift screens for charitable and community organisations	- Enhanced connections between our customers and local communities - Support for community issues by providing access to customers
Encourage employee volunteering	- Total community volunteering hours and percentage participation of all Dexus employees	- Enhanced employee engagement and wellbeing - Enhanced connections between our employees and community organisations

5 Supply Chain

Disclosure on Management Approach

Dexus partners with suppliers to achieve operational efficiencies, enhance customer amenity and positive environmental outcomes.

Material issues and other focus areas that relate to our supply chain include:

- **Human rights:** Sourcing products and services from suppliers that uphold human rights and acceptable labour standards by rejecting child and forced labour and offering acceptable conditions and wages for workers. We are committed to sustainable procurement, indigenous rights, equal opportunity and relevant human rights legislation such as discrimination
- **Anti-competitive behaviour:** Ensuring that business dealings promote a competitive marketplace and are free of activities such as collusion, bribery, corruption, price-fixing and standover tactics. An open and transparent tender process underpins our procurement approach. Employees are trained in conflict of interest and anti-bribery to ensure a competitive process that selects suppliers based on merit rather than personal relationships
- **Local suppliers:** Working with local suppliers to support local businesses and communities, reduce transport resource use and cost, and provide quality service delivery. We choose from a mix of local and nationwide suppliers using service delivery as the primary criteria. We seek to engage with local suppliers to reduce transportation costs, provide reliable solutions for critical services and to support the communities in which we operate
- **Supply chain management:** Creating partnerships that go beyond simple client-supplier relationships to establish deep understanding of each other's business drivers and create further opportunities for value. We develop long-term partnerships that address sustainability impacts and create shared value. We recognise the central role that suppliers play in optimising asset performance, managing risk and delivering customer amenity

The boundary for these issues encompasses all direct suppliers across our group property portfolio with social impacts felt across Dexus, our suppliers and their employees and upstream suppliers, as well as environment impacts.

5.1 Supply chain composition

Dexus's supply chain encompasses a diverse range of products and services which are grouped into categories. All procurement categories are considered however certain commodities are critical and may present a risk to operational continuity, safety or have material environmental impacts.

Dexus defines a critical supplier as one whose services are required daily for the normal operation of a building. Critical suppliers are retained on a centralised Preferred Supplier List. Dexus applies a high-level assessment of inherent supply chain sustainability risk for each spend category. The risk assessment is based on existing supplier spend data and the *British Standard 8903:2010 Principles and Framework for Procuring Sustainably – Guidance*.

Dexus classifies its suppliers as follows:

- Critical – representing areas with a high spend, as well as high potential supply chain sustainability impact
- Secure – representing areas with a lower comparative spend and representing potential sustainability impacts and should be prioritised
- Cost driven – representing lower potential sustainability impacts and high spend
- Acquisition - representing lower sustainability impact

The table below shows Dexus's main procurement categories and how they are classified.

Dexus's main procurement categories

Procurement category	Classification	Inherent sustainability risk		
		Environmental	Social	Economic
Building operations				
Cleaning and Waste Management	Critical	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Facility Managers	Secure		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Energy	Critical	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Water	Secure	<input checked="" type="checkbox"/>		
Security	Critical		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Electrical, mechanical, hydraulic	Secure		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lifts	Cost driven		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Capital Works	Critical	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Fire protection	Secure		<input checked="" type="checkbox"/>	
Statutory fees and non-controllable expenses	Cost driven			<input checked="" type="checkbox"/>
Landscaping	Secure	<input checked="" type="checkbox"/>		
Developments				
Developers and Builders	Critical	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Façade materials	Critical	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Building materials locally sourced	Cost driven		<input checked="" type="checkbox"/>	
Building materials internationally sourced	Critical	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Corporate				
IT	Critical	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Events and conferences	Secure		<input checked="" type="checkbox"/>	
Merchandise and promotions	Critical	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	



5.2 Supply chain management framework

We adopt a long-term approach to managing and maintaining supplier relationships through a robust set of business procedures which guide supplier screening, selection and engagement. A suite of policies, principles and performance standards underpin our supply chain approach.

The table below outlines our governance structure and approach to supply chain management.

Supply chain management framework		
Dexus Board (Board)		
Responsibility for approving and overseeing compliance with supply chain policies and statutory disclosures.		
Board Risk Committee		
Responsibility for reviewing and overseeing incorporation of suppliers into Dexus risk and compliance frameworks.		
Property Executive Committee		
Responsibility for oversight of property-level projects and work health and safety issues, including where projects and issues involve suppliers.		
Dexus Sustainability Team <ul style="list-style-type: none"> - Modern slavery reporting - Supplier assessment and engagement on modern slavery - Supplier spend analysis and overall risk assessments 	Dexus Governance, Risk and Compliance Teams <ul style="list-style-type: none"> - Oversight of modern slavery policies and procedures - Providing training to Dexus people about modern slavery - Monitoring compliance - Investigating whistleblower matters and other grievances 	Dexus/CBRE Facilities Management teams <ul style="list-style-type: none"> - Operational procurement - Supplier due diligence - Supplier contractual monitoring
Policies		
Supplier Code of Conduct Sustainable Procurement Tendering Human Rights Environment Work Health Safety & Liability Fraud, Corruption and Bribery (Prevention and Awareness) Conflicts of Interest Development & Construction Dexus Operating Limits Embargo		
Implementation practices		
Procurement <ul style="list-style-type: none"> - Business procedures for procurement - Category standards, minimum requirements and weightings - Risk and opportunity assessment - Supplier engagement - Pre-qualification process - Tendering process - Preferred supplier panel 	Supplier monitoring <ul style="list-style-type: none"> - Rapid Induct contractor management system - In-house property risk management system - Project Control Group (PCG) meetings and reports - Spend analysis - Supplier self-assessments - Contractor spot checks and corrective action plans - Evaluation against contract KPIs and SLAs 	

Our Sustainable Procurement Framework helps minimise potential impacts from our upstream supply chain. Sustainable procurement is built into all supplier engagements through requiring supplier compliance with the policies listed in the table above. Refer to our [website](#) for publicly available policies.

An internal Embargo Policy outlines our approach to managing contractors and service providers that do not meet our performance standards. It identifies the circumstances in which a contractor or service provider will be placed on the Embargo List. Should we determine to place a supplier on the Embargo List, we will not engage with that contractor or service provider until the issues of concern have been appropriately addressed. The Embargo List is updated on an ongoing basis.

Supply chain objectives

We aspire to and dedicate focus towards using our aggregate spend to positively influence our suppliers, contractors, products, services and workers. We take a long-term view to partner with our suppliers to achieve quality service by:

- Fostering a 'no harm' safe workplace with zero fatalities target, and establishing robust safety compliance systems
- Monitoring performance through regular engagement, reporting against contract key performance indicators and supported by regular contractor spot checks for service providers at each Dexus managed property

- Engaging with suppliers through self-assessments to gain a comprehensive insight into their relationship with us through 360-degree feedback, how they manage their own sustainability risks and those for their most significant suppliers

In addition, we seek to collaborate with suppliers to address human rights and modern slavery risks across our supply chain, through enhanced due diligence, risk profiling and supported by assessments.



5.3 Supply chain management practices

As a signatory to the United Nations Global Compact and the United Nations-supported Principles of Responsible Investment (PRI), we manage our supply chain to account for human rights, environmental, social and economic factors in its purchasing decisions.

We rationalise suppliers where possible by identifying partners that can best meet our needs and optimise their engagement across our portfolio. This leads to fewer suppliers and closer relationships with our business and a greater alignment of interest. It also presents a greater opportunity to embed our sustainability approach with suppliers.

General supply chain management priorities

Our corporate supply chain goals are to:

- Maintain an efficient procurement process operating under sound governance that achieves the best value for money, meets business requirements and delivers financial and sustainability outcomes based on a whole of life costing
- Identify key risks and opportunities particularly in high value, high impact contracts and improve the overall impacts of the products and services we procure
- Mandate that suppliers abide by all minimum standards and laws in the countries in which they operate
- Maintain safe workplaces in line with our goal for 'no harm', safe work environments with zero fatalities
- Treat suppliers and contractors fairly, with respect and dignity demonstrating probity, equity and transparency
- Continue to develop and manage relationships with suppliers and contractors to encourage them to promote a best practice approach to employment practices, social outcomes and the environment
- Challenge suppliers to deliver tangible, innovative and sustainable solutions that deliver mutually beneficial outcomes
- Continue to assess each contract's merits against a set of sustainability principles and ensure environmental and social impacts are assessed in line with our policies and objectives, emerging best practice and industry standards
- Ensure prospective and new suppliers understand sustainability-related contract criteria and requirements
- Mandate that all suppliers acknowledge and abide by the Dexus Supplier Code of Conduct
- Maintain sustainable procurement capability by engaging and upskilling employees and implementing sustainable procurement training for procurement and contract managers
- Collaborate with suppliers and seek feedback as part of contract management
- Where appropriate, increase the purchase of products that support community base charities, are carbon neutral or have a lower carbon footprint, are more efficient or meet internationally recognised sustainability performance standards
- Where appropriate, partner or encourage supplier participation in community engagement and with our philanthropic activities

Understanding supply chain sustainability risk exposure

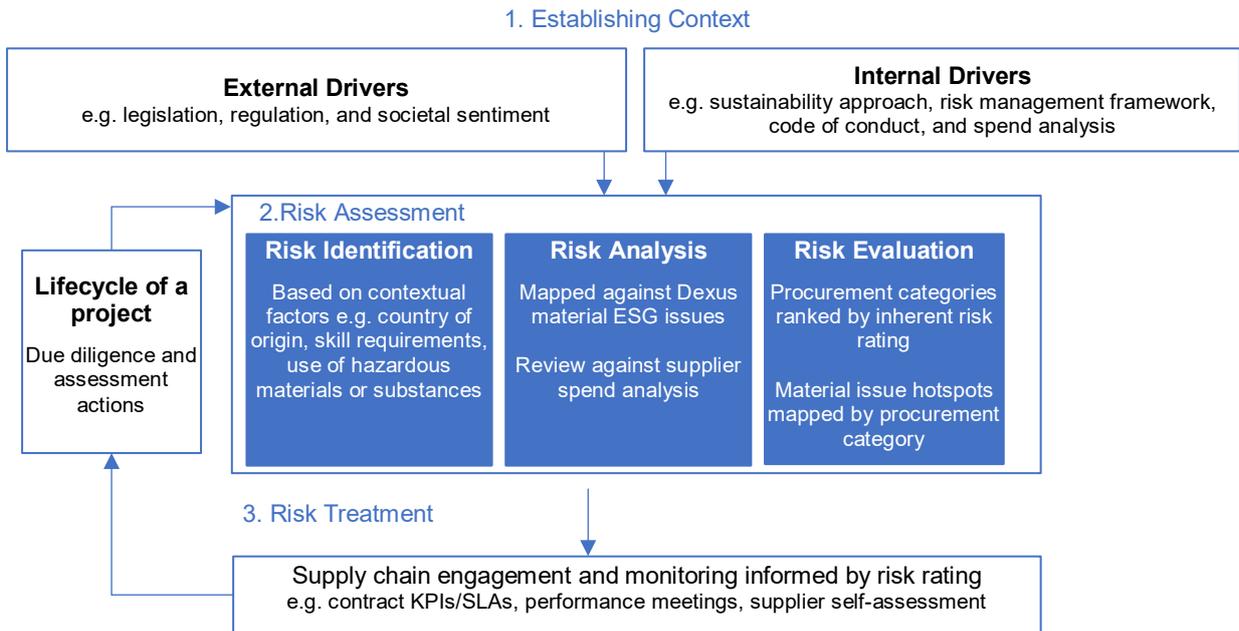
We conduct a periodic group-wide supply chain sustainability risk assessment to identify and categorise the supply chain risks relevant to our geographical operations and the types of products and services it procures.

The assessment involves the following staged process to assess the most relevant supply chain issues.

1. Contextual environment, social and governance (ESG) factors are reviewed against emerging trends and issues. These are mapped against our procurement categories to identify the inherent ESG risks that may apply to Dexus
2. Supplier categories with significant inherent risk are analysed against our material ESG issues to assess each in terms of their relevant inherent risk.

3. Inherent risk hotspots are evaluated and ranked within a matrix according to their level of inherent risk.

Supply Chain Risk Management Process



The outcome of the risk assessment is a risk matrix of sustainability risk exposures across each of our major supply chain categories. The matrix informs procurement processes and sustainability ambitions, including specification of requirements, and questions during tendering and the screening of suppliers.

In addition, the matrix is referenced for establishing contract key performance indicators (KPIs) and the adoption of best practice sustainability management and monitoring over the lifecycle of the project.

We conduct an annual supplier spend analysis to prioritise a list of suppliers based on the category-level assessment. Together, the supplier spend analysis and supplier category risk assessment direct ongoing engagement with suppliers through due diligence and verification activities (monitoring and engagement).

Managing supply chain across the lifecycle of a project

Our staged procurement and contract management process optimises performance and supplier service levels, manages risk, maintains symbiotic supplier relationships and realise shared value. The overall risk rating for the procurement category and spend details the extent to which due diligence and supplier monitoring is undertaken. The table below details key aspects of this process with reference to supplier engagement over a project lifecycle.



Project stage	Due diligence actions	Assessment actions
0. Supply chain sustainability risk assessment and spend analysis		<ul style="list-style-type: none"> – Periodic risk assessment conducted in accordance with our Risk Management Framework to evaluate our procurement categories against external contextual factors. – Procurement categories are ranked by inherent risks material to Dexus to inform procurement and supply chain monitoring activities
1. Project is proposed	<ul style="list-style-type: none"> – Project owners follow procurement procedures to develop and present a project business case to decision makers – Project assigned risk level in accordance with Tendering and Operating Limits Policies – Articulate project sustainability goals 	<ul style="list-style-type: none"> – Internal audit of Operating Limits Policy
2. Project is approved	<ul style="list-style-type: none"> – Project owners: a) procure services directly within agreed limits and preferred panel, or b) work with our procurement team to procure major services via formal tender 	<ul style="list-style-type: none"> – Internal audit of Operating Limits Policy
3. Quotes obtained or formal tender is issued	<ul style="list-style-type: none"> – Business units work with our procurement team to issue project brief to service providers – Service providers may be pre-qualified and selected on our preferred supplier panel – Sustainability prequalification criteria specified 	
4. Service provider is selected	<ul style="list-style-type: none"> – Sustainability track record, as well as risks and opportunities are evaluated during a rigorous and structured screening and ranking of suppliers, using a balanced scorecard – We conduct financial due diligence to establish that a company is viable and can perform the tasks required – Assessing a company's capability to perform by reviewing its track record, and seeking feedback from references 	
5. Service provided is appointed	<ul style="list-style-type: none"> – We review proposed services to confirm fair value upfront and avoid later uplift – Service providers contractually agree to the Dexus Sustainable Procurement Policy and Supplier Code of Conduct 	
6. Service is undertaken		<ul style="list-style-type: none"> – Contractor management systems track on-site contractor activity and ensure contractors maintain licences and insurances – Project Control Group (PCG) holds regular meetings between Dexus and suppliers and receive progress reports
7. Service is monitored	<ul style="list-style-type: none"> – Our procurement team monitors supplier performance through site feedback, 	<ul style="list-style-type: none"> – We conduct site-level contractor spot checks to evaluate performance and develop

	regular performance meetings and tracking against project KPIs	corrective action plans where required
		<ul style="list-style-type: none"> - Evaluation against contract KPIs and SLAs - Suppliers periodically complete a self-assessment to provide us with insights into their business-related sustainability issues and gather feedback on its performance as a partner
8. Project completion	<ul style="list-style-type: none"> - We evaluate the effectiveness and value for money as part of retaining service providers - We conduct period spend analysis to maintain a current view of critical suppliers and commodities 	<ul style="list-style-type: none"> - Suppliers periodically complete a self-assessment to provide us with insights into their business-related sustainability issues and gather feedback on its performance as a partner

Tender documentation and service agreements integrate sustainability policies and key performance indicators. Dexus communicates its expectations and environmental, social and governance (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 and Human Rights 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 local 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.

We prioritise supplier engagements based on the commodity/service involved, the size of the contract, supplier values and its criticality to business continuity.

A supplier assessment process takes into account labour practices, social, environmental and human rights issues. Suppliers are encouraged to work with us to reduce carbon emissions, adopt sound environmental principles, manage their people ethically, drive positive supplier relationships and consider the impacts of their activities on the communities in which they operate.

Ongoing data collection and performance analysis provides a benchmark for site teams that oversee supplier services. This provides valuable insights on how performance trends vary over time and across sites. This data is used as an input into initial reviews of supplier contracts and periodic reviews of our panel of preferred suppliers.

Addressing modern slavery risk in our supply chain

Dexus's [Sustainable Procurement Policy and Supplier Code of Conduct](#) requires all suppliers in our supply chain to comply with our [Human Rights Policy](#). The Human Rights Policy explicitly states Dexus's commitment to support internationally recognised human rights, including everyone's right to be free from slavery. We have worked with our suppliers to understand modern slavery risk and prepare for the reporting requirements of the Australian *Modern Slavery Act 2018*.

Requirements related to identifying, understanding and mitigating modern slavery risk are included in supplier contractual documentation and returnable schedules.

We conduct due diligence on suppliers throughout all phases of our engagement with them to understand human rights risk exposure and any potential breaches. We understand that our supply chain extends beyond the suppliers with whom we have a direct contractual relationship and we are committed to working with our suppliers to assess and address human rights risks in their supply chains, including where these supply chains extend outside of Australia.

We have put processes in place to connect with individuals across our supply chain and establish opportunities for individuals at risk to identify and escalate concerns. We maintain grievance and whistleblower mechanisms (refer to the Sustained Value DMA in this DMA series) for stakeholders to safely, confidently and anonymously raise concerns about modern slavery in our supply chain.

We have collaborated with industry peers through the Property Council of Australia (PCA) to develop a common supplier due diligence questionnaire that can be used across the industry to assess supplier modern slavery risk and enhance industry practice.

When it comes to our attention that an individual in our supply chain may be impacted by modern slavery, we commit to investigate the matter and to take appropriate action to mitigate the modern slavery risk that was identified. The appropriate action will depend on whether we have caused the impact, contributed to the impact, or are linked to the impact through our business relationships. In all cases, our focus will be on mitigating the risk to the individual(s), experiencing the impact and using our leverage to foster continuous improvement.



Procurement procedures

Our procurement procedures outline the buying process for the Dexus Office & Industrial, Retail and Corporate divisions, and by authorised third party property managers. The procedures accompany the Dexus Operating Limits, Conflicts of Interest and Tendering policies. The procedures ensure that:

- Service providers are engaged based on merit
- Conflicts of interests are appropriately identified and managed
- Our interests are legally protected (including the avoidance of fraudulent transactions) and
- Our insurances are not compromised

An important step in this process is engaging with suppliers to evaluate the effectiveness of Dexus's sustainable procurement policies and supplier relationship management practices.

Tender process

Our tender process ensures that service providers are chosen based on merit and capacity to deliver works and services. The number of organisations invited to tender varies taking into account a project's size, complexity and procurement guidelines. We are committed to a transparent and competitive tendering process. The process is subject to detailed monitoring and oversight.

A Project Control Group (PCG) is established for high value projects. The PCG includes appropriately qualified representatives from Dexus, co-owners and senior representatives of the core service providers and contractors or consultants, for example builders, architect, project manager or leasing agents.

Employee responsibilities and training

Our employees receive periodic training on procurement best practices as well as property-related products, services and requirements. This provides them with the required skills and industry knowledge to appropriately select and appoint service providers.

All employees with responsibility for selecting, appointing and monitoring service providers must ensure performance and compliance with contractual agreements via standard contract templates.

Supplier monitoring and relationship management

We monitor the performance of major contracts through:

- Regular performance review meetings with site teams that assess performance against KPIs
- High level performance reviews that occur at least half yearly and incorporate formal feedback from internal stakeholders
- Site and corporate team feedback, which is discussed with suppliers to directly manage exceptions against performance expectations

Service agreements set out the level and frequency of monitoring. Suppliers must perform an appropriate level of monitoring, which may include a combination of physical monitoring of activities and performance reports.

Contractor health and safety

Dexus recognises its duty of care to manage any work health and safety risks across its managed property portfolio, including activities of its suppliers or contractors. Dexus's Workplace Health, Safety and Liability (WHS&L) statement outlines how Dexus manages property risks. It states the group's commitment to maintaining safe properties, working with stakeholders to manage hazards, risks and continuous monitoring. Dexus implements a safety management system that is certified against OHSAS 18001 to address WHS&L risks across the portfolio. Dexus uses a third-party tool across all Dexus managed properties to monitor contractor WHS management systems and manage compliance of contractors regarding insurance, WHS and inductions.

The Dexus Work Health Safety & Liability Manual sets out a consistent approach for contractor management across our portfolio. We focus on contractor health and safety at our sites through:

- Delivering Dexus Contractor Induction and site-specific inductions that confirm contractor qualifications and make them aware of site-specific risks and procedures before work commences



- Ensuring contractors are using the contractor management system and that they have supplied current documentation (e.g. contractors' licences, insurance certificates, Safe Work Method Statements, WHS Plans)
- Confirming that contractors correctly use the forms and permits relevant to their activities
- Consulting with contractors on WHS activities through 'tool-box talks' or using the Health & Safety meeting agenda available in Dexus's safety management system
- Reviewing contractor health and safety performance through conducting regular contractor spot checks, which are to be conducted across all properties at least monthly, with at least one annual spot check conducted for each contractor

Grievance mechanism

Feedback from or about a contractor that becomes a formal grievance is addressed through Dexus's Complaints Policy. Further details are available in the Sustained Value DMA within this DMA series.

5.4 Evaluation and process improvement

Our procurement process is subject to ongoing, risk-based auditing and monitoring via the Risk team and Compliance team. Potential breaches of procedures are investigated and may result in disciplinary action if substantiated.

Our operational teams monitor procurement activity to evaluate the value that is being delivered to our business, as well as identify and address environmental, social and governance risks within tier 1 suppliers (i.e. our direct suppliers). We measure our success in effective supply chain management in the following ways:

Objectives by material issue	KPI	Impact
Supply chain management and sustainable procurement		
Maintain value aligned partnerships	<ul style="list-style-type: none"> - Number of critical suppliers - Supplier relationship satisfaction score (0 to 10) - Supplier net promoter score (-100 to +100) - Value for money 	<ul style="list-style-type: none"> - Stronger supplier relationships - Maintained service continuity - Minimise costs associated with service disruptions
Effective service delivery	<ul style="list-style-type: none"> - Customer satisfaction survey - Feedback from customers and/or facility managers - Supplier conformance and legal compliance (fines, penalties and breach notices) - Achievement of contract KPIs and SLAs 	<ul style="list-style-type: none"> - Customer satisfaction - Increased likelihood to renew leading to sustained revenue generation - Reduced compliance costs
Human rights		
Readiness for Modern Slavery legislation	<ul style="list-style-type: none"> - Supplier Code of Conduct in contracts - Spot checks - Contractor KPIs related to human rights due diligence - Supplier coverage of modern slavery due diligence questionnaire - Number of grievances - Incidents of non-conformance 	<ul style="list-style-type: none"> - Reduced compliance costs associated with human rights - Enhanced reputation through minimal human rights impacts at Dexus sites
Fair Working Conditions	<ul style="list-style-type: none"> - Incidents of non-conformance - Corrective action plans 	
Health, safety and security		
Maintain a safety culture	<ul style="list-style-type: none"> - Contractor compliance with on-site WH&S systems - WH&S metrics (e.g. lost time injury frequency rate, medical treatment injury frequency rate, fatalities) - Incidents of non-conformance 	<ul style="list-style-type: none"> - Enhanced worker health and wellbeing - Reduced incidence of injury - Reduced compliance costs associated with WH&S - Enhanced reputation through minimal WH&S impacts at Dexus sites - Reduced insurance costs

6 Enriched Environment

We recognise we have a duty of care to our stakeholders: investors, customers, employees, agents and the wider community, to sustain and protect the environment during the management of our property portfolio, and ensure environmental obligations receive equal importance to our commercial and competitive obligations.

As a signatory to the United Nations Global Compact, Dexus acknowledges the United Nations Sustainable Development goals (SDGs) advocating for responsible consumption and production of resources, and acknowledge our contribution in promoting greater environmental responsibility.

We understand the increasing environmental and social challenges caused by climate-related impacts to the environment and their effects on our communities, and we recognise our role to limit those long-term effects of human-induced climate change in line with the goals of the Paris Climate Agreement.

We seek to enhance property portfolio environmental resilience by minimising our greenhouse gas emissions impact, adapting for change through environmentally friendly technologies, and influencing across our value chain. Dexus is committed to transitioning to a low carbon future through the Group's target to achieve net-zero greenhouse gas emissions by 2030.

The group adopts a holistic, precautionary approach to environmental challenges – from the boardroom to the plant room – to reduce operating costs, enhance property values and improve customer appeal, resulting in enhanced long-term returns for investors together with lower environmental risks.

Adopting a sustainable approach to property operations contributes to the following outcomes:

- Enhanced income through higher rental premiums for sustainable buildings
- Reduced operations and maintenance costs
- Improved customer comfort and amenity
- Enhanced business reputation
- Improved employee productivity and wellbeing

Our material environmental issues include:

- **Energy consumption:** Optimising energy usage positively impacts the environment while reducing operating costs and exposures to volatility in energy prices. High performing buildings attract customers and increase occupancy and customer retention. This reduces financial risk, maximises the return on investment and gives customers an environmentally conscious space to occupy
- **Water consumption:** Improving water efficiency, onsite water recycling and rainwater harvesting preserves a precious natural resource and reduces utility costs which leads to reductions in outgoings and maintenance costs. These outcomes reduce operational financial risks, improve reputation, help to attract and retain customers and maintain each property's market competitiveness
- **Climate change impacts:** Assessing climate change risks, reducing greenhouse gas emissions and implementing adaptation measures reduces operational and financial risks and assists in maintaining a property's long-term resilience and competitiveness
- **Waste management:** Minimising waste, recycling, and effective waste handling reduces raw material use and avoids environmental and health related hazards associated with sending waste to landfill
- **Biodiversity:** Ecosystems and their species perform important biological services. Protecting and enhancing biodiversity provides places for native flora and fauna to reside. Biodiversity contributes to protecting areas from soil erosion and floods, reducing climate change risks, recycling nutrients to boost farming productivity, capturing and retaining water, assisting with controlling pollution as well as providing aesthetic value

The boundary for these issues encompasses all properties within the Dexus group portfolio, with impacts felt across occupants and visitors, as well as local communities and habitats.

6.1 Management framework and objectives

We have established the following business goals to minimise the overall environmental impact of its operations and guide the development of environmental sustainability practices and initiatives:

- Achieve high environmental performance standards across Dexus's group property portfolio
- Develop properties that are sustainable and minimise resource consumption and environmental impacts
- Increase stakeholder awareness of the benefits of investing in sustainability and improved building performance
- Effectively manage environmental risks for community health and wellbeing and to preserve the environment

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee, collaborate to deliver these goals. The table below provides insight into the relevant management structure and policy framework. Several policies are publicly available on the Dexus [website](#).

Enriched Environment management framework			
Dexus Board			
Oversight of the integration of environmental considerations into Dexus's strategy, risk management and statutory reporting.			
Board Risk Committee			
Oversight of the implementation of environmental initiatives to maintain Dexus's position as a leader in sustainability.			
Group Risk Committee			
Oversight of portfolio sustainability initiatives, linking business operations and corporate governance.			
Dexus/CBRE Strategic Management Committee		Retail Operations team	
Partnership committee across CBRE-managed properties providing oversight on delivery, performance team engagement and innovation		Team managing property and facility management operations across Dexus-managed retail centres	
Enriched Environment delivery			
Risk and Compliance teams	Corporate Sustainability team	Office, Industrial and Retail teams	Developments and Capital Works team
Responsibilities include: <ul style="list-style-type: none"> - Environmental management system - Climate change risk - Hazardous materials management 	Responsibilities include: <ul style="list-style-type: none"> - Resource efficiency - Employee engagement - Sustainable procurement - Industry engagement - Continuous improvement targets - Carbon neutrality - Oversight of building environmental ratings 	Responsibilities include: <ul style="list-style-type: none"> - Building operations - Asset planning - Customer engagement and green leasing 	Responsibilities include: <ul style="list-style-type: none"> - New developments - Major refurbishments - Customer fit outs - Biodiversity assessments
Policies and systems			
Environmental Statement Biodiversity Work Health Safety & Liability Environmental Management System			

Environment Statement

Dexus's Environment Statement outlines its commitment to minimising the overall environmental impact of its operations. The statement covers the group's detailed environmental management system for the property portfolio, including:

- Managing and monitoring potential risks and opportunities of climate change
- Identifying and implementing compliance requirements
- Educating, training and communicating to stakeholders about environmental impacts and commitments
- Actively developing and promoting initiatives to improve environmental performance
- Providing transparent monitoring and reporting of environmental performance

Dexus's commitments and targets

Each year we set, review and update corporate commitments within its responsible investment framework and sustainability approach.

In line with a precautionary approach to environmental challenges, we aspire to and dedicate focus towards minimising the overall environmental impact of our operations, in the development, management and refurbishment of properties. We have committed to:

- Deliver 1,000,000 square metres to a minimum 5 star NABERS Energy rating and 4 star NABERS Water rating across the group's office portfolio by 2020
- Establish new 2025 energy and emissions reduction targets as part of our pathway to net zero emissions by 2030
- Consistently demonstrate a resource recovery rate of 80 per cent by 2020 from de-fitting vacated space, actively identifying resources for re-use and increasing waste diversion from landfill

Refer to the Dexus Annual Reporting Suite on our [website](#) for further disclosure of annual commitments and progress against key priorities.

6.2 Management practices

Key actions contributing to Enriched Environment priorities are listed in the table below.

Priority	Actions
Being an innovative, leading environmental performer	<ul style="list-style-type: none"> - Set environmental performance targets for all investments - Maximise energy and water performance of properties rated under NABERS - Outperform industry benchmarks for GHG emissions, waste, indoor environmental quality, transport and social performance - Comply with applicable legislation
Optimising building environmental performance and resilience	<ul style="list-style-type: none"> - Identify opportunities to enhance both environmental and social performance - Prepare strategic improvement plans for properties that quantify the ratings enhancement, energy saved and the required investment
Being a sustainable developer	<ul style="list-style-type: none"> - Incorporate sustainable design within new developments, leveraging best practices tools such as the Green Star rating system - Establish minimum energy performance benchmarks through NABERS Commitment Agreements
Being a low carbon energy producer	<ul style="list-style-type: none"> - Collaborate with industrial customers to incorporate on-site solar electricity generation for new industrial developments - Reduce emissions by evaluating and pursuing opportunities to incorporate renewables across existing industrial and retail properties
Creating customer environmental partnerships	<ul style="list-style-type: none"> - Collaborate with customers to improve environmental performance of Dexus properties and its tenancies through Green Lease clauses, customer and fit-out guidelines, and support
Adapting for environmental resilience	<ul style="list-style-type: none"> - Assess the impacts of climate change and extreme weather events and address appropriate mitigation and adaptation actions - Assess biodiversity risks and opportunities to create a net positive benefit

Energy and emissions

Dexus consumes electricity, natural gas, diesel and solar energy for the operation of its property portfolio and aims to reduce its major emissions sources including electricity, natural gas, diesel, refrigerant leakage and waste to landfill. Refer to Dexus's online [Sustainability Performance Pack](#) for detailed disclosure on current environmental performance.

Climate change risk and response

Climate change presents a range of risks to the Dexus portfolio and business strategy, including:

- **Direct physical risks** to property and infrastructure as a result of extreme weather events such as floods, storms and heatwaves, potentially resulting in significant impacts to operations
- **Indirect physical climate risks** where climate events disrupt systems upon which an asset relies (e.g. energy supplies, communications, transport), resulting in impacts on building operations, customers and occupants
- **Transitional risks**, such as the potential impacts of technological and market shifts, business model risks, and political decision-making on operational goals for both individual properties and the overall Dexus business

The risk to Dexus from the adverse effects of climate change are varied and new information continues to emerge regarding the scale, likelihood and areas that could be impacted. In addition to understanding the physical risks to properties and populations, Dexus, its customers and local communities are also faced with transitional risks including socio-economic effects, resource availability, and health and wellbeing.

We seek to enhance property and portfolio climate resilience by minimising our greenhouse gas emissions impact, adapting for change and influencing across our value chain. Dexus is committed to transitioning to a low carbon future through the Group's target to achieve net-zero greenhouse gas emissions by 2030.

Climate resilience strategy

Dexus's climate change resilience strategy involves:

1. Mitigating our impact through decarbonisation, energy efficiency and renewable energy.
2. Adapting to physical and transitional risks relevant to our properties, people and operations, and leveraging climate change-related opportunities.
3. Influencing our value chain by engaging customers and suppliers to reduce climate impacts.

Dexus seeks to build the capacity of individuals, communities and systems in and around Dexus properties to adapt and grow with consideration to chronic stresses and acute shocks that may result from the effects of climate change. The table below illustrates Dexus's climate change resilience pathway:

Objective		
Increased resilience through adaptive buildings and spaces for Dexus's people, customers and business to prosper long term		
Mitigation – Avoid the risks	Adaptation – Maximise resilience	Value creation opportunities
Reduce Dexus's environmental impacts	Adapt to climate changes	Influence Dexus's value chain
<ul style="list-style-type: none"> - De-carbonisation targets (2020 10% reduction, 2030 Net Zero, Science Based target) - Energy efficiency (Capex program, and building analytics) - Resource efficiency (waste recycling, water efficiency targets) - Electrification - Onsite and offsite renewable energy - Offset remaining emissions 	<ul style="list-style-type: none"> - Address physical risks (portfolio risk assessment, property-level adaptation activities) - Address transitional risks (economic impact analysis, enhance business processes) - Leveraging climate related opportunities 	<ul style="list-style-type: none"> - Engaging with customers to adopt a whole building approach (Green leasing) - Adopt a 'life-cycle approach' and 'net zero' targets in new developments (NABERS and Green Star commitments) - Procuring for a low carbon supply chain

As part of the management of climate related risks and opportunities, Dexus evaluates climate resilience risks and opportunities across short, medium and long-term time horizons to inform the development of strategy and actions to transition to a low carbon economy in line with the Paris Agreement and SDGs.



Time horizons		
Dexus's material climate-related priorities across time horizons		
Short term (0 – 2 years)	Medium term (2 – 7 years)	Long term (7 – 15 years)
<ul style="list-style-type: none"> - Manage day-to-day risks of properties from climate-related events - Manage building operations to minimise energy consumption and associated emissions - Alignment with the Dexus's frequency of financial and operational planning and annual budgets 	<ul style="list-style-type: none"> - Meet energy and emissions reduction 2020 targets - Meet interim environmental targets towards Dexus's 2030 net zero and science-based emission reduction targets - Meet Group Scorecard goals, company-wide understanding of sustainability risks, and renewable energy uptake - Capex adaptation planning, management and implementation - Comprehensive understanding of transitional risks and integrating those learnings into strategy and stress testing 	<ul style="list-style-type: none"> - Meet Net Zero 2030 target and long-term investment objectives - Integrate physical and transitional issues in business as usual asset planning - Embed climate scenarios to inform asset planning through Capex and transactions and research team's long-term market outlook - Implementing resource, renewable energy and emissions targets consistent with latest climate science

Climate scenario modelling

Dexus has conducted a qualitative and quantitative portfolio-wide assessment of climate change risk, incorporating medium and long-term greenhouse gas emission scenarios (RCP 4.5 and RCP 8.5) from the 5th Intergovernmental Panel on Climate Change (IPCC) report as well as climate projections from the CSIRO and the NSW Office of Environment and Heritage (OEH).

The RCP 8.5 scenario was chosen to provide us with an indication of high-impact climate-related outcomes, including the magnitude and specific locations where they are likely to occur. A geospatial analysis was conducted to map our properties against their relevant climate-zones and link to the scenario outcomes. Risk exposure was rated for each property using our standard 2-dimensional risk rating matrix, which assesses likelihood and consequence for each type of physical risk.

We also 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. To sense check these results we surveyed facility and operations managers to assess climate vulnerability at their properties. Analysis has informed the overall level of physical risk exposure across all existing properties and geographical hotspots. Data is used to inform future investments and establish mitigation plans for existing investments.

Climate resilience is also included as an 'Aspect' within the Dexus Environmental Management System to provide a structured property risk management process to evaluate vulnerability and develop adaption actions moving forward.

High risk properties will undertake site-specific climate change risk assessments to evaluate significant climate-related vulnerabilities and adaptation actions.

Climate change disclosure

To enhance disclosure on these impacts, Dexus has publicly committed to adopting the Task Force on Climate-related Financial Disclosures (TCFD) framework. TCFD provides an effective lens for us to communicate with investors on where direct and indirect risks and opportunities exist, and the action we are taking to address them.

To date, we have assessed our alignment with TCFD, and published disclosure within our Sustainability Performance Pack which is available via our [website](#). To further our understanding, we are bringing together teams across Dexus to combine data for new insights. These insights will be used to inform portfolio strategy and to enhance disclosure on our ongoing TCFD journey.

Reducing Dexus's emissions footprint

Within Dexus's annual commitments, 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 current climate science which is advocating significant reductions in emissions to keep global warming under two degrees against a pre-industrial baseline.

Emissions management

Our continuous improvement approach to addressing environmental issues includes a focus on reducing energy consumption and greenhouse gas emissions. Dexus aims to reduce its greenhouse gas emissions by:

- Tracking greenhouse gas emissions across the group portfolio and ongoing disclosure of performance
- Setting continuous improvement targets
- Conducting ongoing energy management processes and initiatives across operations
- Implementing energy efficiency and fuel switching projects
- Generating energy onsite from renewable sources
- Purchasing accredited, emission-free GreenPower
- Incorporating environmental performance into new developments and investment decision making
- Maintaining carbon neutral certification for its corporate operations under the National Carbon Offset Standard via participation in the Australian Carbon Neutrality program
- Actively participating in industry collaborations including the Global Real Estate Benchmark and Sydney-based Better Buildings Partnership

Carbon neutrality

We have set a pathway to net zero emissions through energy and resource efficiency, renewable energy and minimal offsets.

We are a signatory to the Australian Carbon Neutral program and our corporate head office has been certified as carbon neutral since 2011. In line with the National Carbon Offset Standard, we offset direct emissions from refrigeration and electricity usage and indirect emissions generated by waste to landfill, paper use, airline travel and car mileage for national employees, taxi travel, hire cars and employee commuting.

Carbon neutral certification is achieved through assessing our energy consumption and developing an emissions management plan. The plan focuses on reducing waste to landfill, increasing recycling, increasing the use of recycled products, reducing use of consumables and paper and introducing new technologies to reduce energy consumption.

Resource efficiency

We target continuous improvements in energy and water efficiency, and emissions reduction across the group property portfolio. We use smart meters to validate utility bills, identify consumption and report anomalies. Energy and water sub-metering has been installed in key office properties to deliver incremental efficiencies.

We develop Strategic Improvement Plans (SIPs) to maximise operational performance and reduce resource consumption. Our SIPs cover four elements:

- Strategic building reviews
- Resource consumption performance
- Energy and water operational improvements
- Plant and equipment upgrades

Assessing these elements provides a comprehensive view of building performance. This enables us to plan and implement optimum plant and equipment upgrades to maximise energy efficiency and customer comfort. The plans incorporate best practice maintenance and serviceability such as the Property Council of Australia's quality grade considerations and potential future building code compliance.

We implement viable projects identified in the SIPs in conjunction with overall asset planning. Examples of energy efficiency initiatives include:

- Chiller replacements
- Upgrades to building management and control systems (BMCS)
- Mechanical works and retro-commissioning
- Installation of sub-meters and energy management systems
- Lighting upgrades
- 'Virtual engineer' building analytics



Examples of water management initiatives include:

- Optimising or upgrading cooling towers
- Use of water efficient appliances including fitting water efficient cisterns and fixtures in bathrooms to enhance water efficiency, and treating wastewater through central blackwater and greywater treatment plants, reducing potable water consumption via the provision of clean recycled water for the washroom flushing system
- Use of recycled rainwater in toilet facilities to irrigate gardens and decorative plantings

We embed sustainability practices within industrial estate masterplanning for new developments and through targeted technology and controls upgrades. Masterplanning initiatives reduce water and energy including the use of solar hot water, rainwater for irrigation and toilets use and native landscaping.

We participate in the NSW Energy Savings Scheme and generate Energy Savings Certificates (ESCs) based on demonstration of electricity reductions due to energy efficiency projects. These certificates can be sold at a future date to realise extra funds for use in further building works.

We benchmark energy efficiency performance against the leading industry benchmarks, NABERS and Green Star. NABERS provides resource consumption profiles for each property and helps to identify improvements. NABERS Energy and Water ratings are regularly undertaken across the group's office and retail portfolio.

Renewable energy

We support the development of renewable energy and distributed energy generation across its portfolio. We purchase accredited GreenPower which is electricity that is certified as renewable and 100 per cent emissions free.

We generate on-site energy across several properties, including emission-free solar hot water, solar photovoltaic (PV) and gas-fired cogeneration. Through these initiatives, we seek to harness natural resources and low carbon natural gas to offset grid purchases of high emissions intensity coal-fired electricity production.

Waste management

We contribute to and adopt the Sydney-based Better Buildings Partnership (BBP) best practice guidelines for operational and strip-out waste management.

Operational waste

We implement waste management plans for each property. Comprehensive recycling streams are standardised and implemented as part of cleaning and waste services. We also look at other recycling opportunities on a property by property basis, for example recycling of materials removed from the site when it is under development; recycling of demolition material and providing re-usable materials during demolition to local community groups.

We collaborate with customers and waste contractors to introduce recycling systems within their tenancies, and offers adhoc services such as electronic waste collection based on customer needs. Contractors also educate customers on recycling practices to maximise the amount of waste that can be diverted from landfill.

We report waste tonnage and recycling/diversion rates for office and retail properties in line with best practice guidelines.

We include environmental sustainability criteria in tender evaluation processes for the provision of waste services and as a result, waste management and recycling practices are standardised across the portfolio. The tender process considers detailed sustainability capability which forms key performance indicators within the service contract. These enable us to capture relevant data on waste management and recycling.

De-fit (strip out) waste

In 2015, in partnership with the Sydney-based Better Buildings Partnership (BBP), we trialled enhanced materials recovery processes to improve the recovery rates from a Sydney office property from the current industry average of 20% to up to 80%. This trial highlighted key success factors including developing inventories, structured removal and sorting practices, and establishing downstream materials receivers.

We have subsequently set a de-fit recovery target within our corporate commitments and are embedding the guidance from the BBP's strip out guidelines into de-fit operations. We are expanding our network of receivers and engaging with customers on opportunities to recycle furniture.



Biodiversity

Biodiversity risk exposure is reviewed during the due diligence process for new acquisitions and within periodic valuations. Given the location of our developments primarily in urban and brownfield sites, there is limited exposure to biodiversity risks and opportunities for biodiversity enhancement. Risk exposure typically extends to our industrial portfolio where sites may be greenfield or are situated close to waterways.

The United Nations has dedicated a Decade on Biodiversity from 2011 to 2020. Australia has set challenging targets under the National Biodiversity Conservation Strategy. We recognise the importance of this national strategy and has developed a Biodiversity Policy and activities in support.

Our Biodiversity Policy focuses on protecting and enhancing biodiversity in and around our properties. We aspire to have a net positive impact on biodiversity has applied an approach to avoid, minimise, restore and offset adverse biodiversity impacts within its properties. This includes making buildings and their surrounds a place for native flora and fauna to reside, and a place for people to enjoy.

Biodiversity is addressed in conjunction with the Green Building Council of Australia's Green Star rating tools, to determine if spaces can be created or improved in developments and building upgrades.

For its existing properties, we work to create green spaces and enhance species diversity through applicable retrofitting solutions. we do not engage in mining, exploration activities, operate manufacturing sites, or conduct activities that that lead to the extinction of International Union of Conservation of Nature (IUCN) listed endangered species.

We recognise that our suppliers can also impact on biodiversity. Dexus's Supplier Code of Conduct requires suppliers to present us with technological, architectural, or design products or solutions that enhance, protect and retain native biodiversity throughout their supply chain to assist us to achieve our biodiversity objectives.

Environmental risk management and hazardous materials

We conduct a comprehensive risk audit program to identify, evaluate and mitigate the following risks:

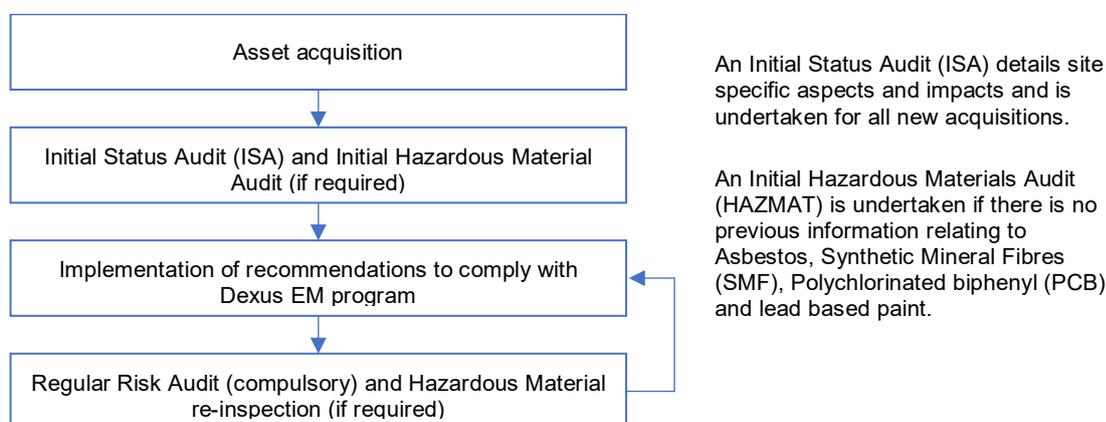
- Personal health and safety audits: compliance/spot audits, work health and safety risk profile, certification of safety system to international standard OHSAS 18001, Principal Contractor audit, incident investigations
- Building safety: confined space risk assessment, plant risk assessment, façade audits
- Environmental: hazardous materials review, initial site audit, site re-inspections
- Security: security risk assessment, external security review
- Insurance risk: underwriting assessment

We track the audit program via a proprietary online property risk management and auditing tool that enables systematic and rigorous property risk profiling. This provides a single point of access for tools and data and improves the disclosure of due diligence data.

Environmental Management System

We maintain an environmental management system, which is certified against international standard ISO 14001:2015. This system and accompanying manual forms an integral part of the Dexus Environmental Management (EM) Program. The EM program has been designed to identify, assess and manage environmental risks across our portfolio, specifically properties under management, developments and transactions, and to promote continual improvement.

The Environmental Management program involves the following environmental management approach:



Environmental aspects considered within the day-to-day activities at our managed properties include:

- Storage of environmentally hazardous materials - Environmentally hazardous materials can have a significant environmental impact if released to the environment
- Waste generation - Management of solid and liquid waste materials requires safe handling and disposal
- Stormwater discharge - Release of contaminants to stormwater may result in the degradation of stormwater quality, with potential subsequent impact on surface waterways
- Trade waste and wastewater discharge - Discharge of wastewater to sewer requires a Trade Waste Agreement. Release of unlicensed discharges to sewer may lead to prosecution
- Emissions to atmosphere - Emissions to atmosphere (such as the discharge from cooling towers and kitchen exhausts, etc.), are managed to meet regulatory standards. We also recognise emissions of ozone depleting substances and refrigerants from air-conditioning and refrigeration
- Noise emissions - Noise and vibration may cause a nuisance to neighbouring properties or customers and give rise to complaints and subsequent prosecution under environmental legislation
- Site contamination - Site contamination can result from loss of materials to soil and groundwater (leakage from underground storage tanks is a common source of soil and groundwater contamination)
- Climate change - The manifestations of climate change include higher temperatures, altered rainfall patterns, and more frequent or intense extreme events such as heatwaves, drought, and storms
- Energy management - Energy management activities aim to reduce energy consumption including electricity, natural gas and diesel to minimise the overall environmental impact of operations.

6.3 Stakeholder collaboration on environmental performance

We collaborate across our value chain and conduct ongoing activities to manage and improve environmental performance. Key stakeholders include customers, employees, facility management and suppliers.

Customers

We collaborate with customers to improve their sustainability performance and awareness through initiatives such as City Switch, a national tenant energy efficiency program. We are both a signatory and a landlord within the program.

We aim to drive improvements in customers' energy efficiency through green building committees and other programs. These programs include involvement in the annual Earth Hour campaign and the National Australian Built Environment Rating System (NABERS) Energy and Water ratings.

We undertake initiatives to receive regular, open feedback from our customers. Customer feedback helps to determine the important sustainability issues that keep property performance on the right track.

Employees

We have established dedicated employee working groups with mechanisms in place to improve engagement on environmental sustainability and drive environmental performance. We also encourage employees to pursue professional development in sustainability, with a number of Dexus's development managers having achieved Green Star professional accreditation from the Green Building Council of Australia.

Facility managers

Dexus directly manages more than 90% of the properties within the group portfolio. The remaining co-owned properties are managed either by the co-owners or by a jointly-appointed independent property manager.

We engage regularly with co-owners and independent property managers to review their performance against the property management agreements, and to monitor alignment with Dexus's policies, procedures and KPIs.

We work closely with our facility manager partners for directly managed sites which involves day-to-day interaction regarding operations to maximise property performance, deliver customer service and respond to customer needs.

We employ dedicated retail management teams across directly managed retail centres. These teams work closely with the retail management team to maximise the performance of each centre within its local community.

Suppliers

We engage with like-minded suppliers on sustainability issues and practices. We work with preferred property services providers and equipment vendors to select best-of-breed products to maximise environmental performance while meeting performance expectations. We communicate our sustainability expectations to all suppliers through the Dexus Sustainable Procurement Policy and Supplier Code of Conduct and suppliers contractually agree to support these policies. Please refer to the Supply Chain section of this document for further information.

6.4 Evaluation and continuous improvement

Our environmental programs are subject to annual external audit. Improvement plans are monitored by corporate leadership teams and the Risk team. The Board Risk Committee and the Board oversee health, safety and environment issues.

Our management reviews performance against its environmental objectives on a quarterly basis. We report on key environment commitments every six months and report comprehensively on all commitments within our Annual Report and Sustainability Performance Pack (available on our website). This is in line with requirements to transparently monitor and report performance as outlined in the [Environment Statement](#).

We benchmark energy efficiency performance against the leading industry benchmarks, NABERS and Green Star. NABERS provides resource consumption profiles for each property and helps to identify improvements. NABERS Energy and Water ratings are regularly undertaken across its portfolio.

We employ measures to assess ESG performance including:

- Monitoring consumption patterns
 - Billing data: We record energy and environmental data in a centralised environmental reporting system and facility managers (FMs) receive regular reports that track performance. The FMs are queried about trends that differ from expectations
 - Meter data: FMs use interval and sub-meter data for finer granularity. This data helps identify potential savings projects and confirms the effectiveness of implemented projects
- SIPs for each asset list all feasible energy/water projects identified from audits and staff/customer suggestions. Facility managers update the SIPs, which then form a basis for future comparison to confirm that estimated savings are realised
- We conduct measurement and verification on an as needs basis to confirm successful project implementation
- Monitoring NABERS ratings for energy and water for all eligible properties. These ratings are heavily scrutinised as they form the basis for internal KPIs
- Participating in investor and industry benchmarking surveys

Environmental performance undergoes ongoing review through:

- Live monitoring of building consumption by Facility Managers
- Monthly sustainability team meetings involving stakeholders from Dexus and its managing agents
- 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
- Quarterly Board Risk Committee progress updates

We measure our success in environmental performance in the following ways:

- Completion of commitment milestones
- Achievement of targets
- Feedback from customers and employees
- Awards and external recognition
- Inclusion and rankings within sustainability and leadership indices
- Benchmarking against leading industry standards such as NABERS and Green Star



The table below outlines key performance indicators that we use to measure environmental performance.

Material issue and objective	KPI	Impact
Energy consumption and greenhouse gas emissions - Reduce like-for-like portfolio energy use and greenhouse gas emissions	- Absolute energy consumption (GJ) - Absolute scope 1 and 2 greenhouse gas emissions (t. CO ₂ -e)	- Reduction in extraction and use of fossil fuels - Mitigation of climate change
Energy efficiency - Maximise portfolio energy efficiency accounting for portfolio changes	- Energy intensity (MJ/sqm)	- Better utilisation of natural resources - Reduced energy costs
Climate change impacts - Target Australian best practice in building energy and emissions performance	- NABERS Energy portfolio star rating - Greenhouse gas emissions intensity (kgCO ₂ -e/sqm)	- Lower greenhouse gas emissions through focus on leading performance - Mitigation of climate change
Water consumption and efficiency - Target Australian best practice in building water performance	- NABERS Water portfolio star rating - Water consumption intensity (litres/sqm)	- Reduction in use of potable water and better utilisation of water on site - Reduced water costs
Waste management - Maximise data collection coverage across office and retail portfolio - Increase recycling rate and reduce the percentage of waste sent to landfill across office and retail portfolio	- Waste data coverage = Percentage of total office and retail lettable area with waste data - Waste diversion (%) = total recycled waste / (total recycled waste + waste to landfill)	- Understanding of Dexus waste management impacts - Reduced volumes of waste sent to landfill and associated avoided greenhouse gas emissions - Diverted materials available for reuse, repurposing or recycling, reducing reliance on new raw materials - Reduced waste management costs
Biodiversity - Net positive impact and have integrated biodiversity management within the business	- Green Star rating of ecological value credits for new developments - Landcare volunteering - Biodiversity KPIs / SLA in landscaping contract	- Protect and promote local ecology, enhancing ecosystem productivity and agriculture, and maintaining ecological diversity



