

Sustainability Performance Pack

2019

dexus



Comprehensive sustainability reporting that supports the results outlined in the 2019 Annual Report

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2019 Annual Reporting Suite

Dexus presents its 2019 Annual Reporting Suite for the year ended 30 June 2019 available at www.dexus.com/investor-centre



2019 Annual Report

An integrated summary of the value created across Dexus's key resources and the Consolidated Financial report.



2019 Annual Results Presentation

A summary of Dexus's operational and financial performance.



2019 Financial Statements

The Financial Statements for Dexus Industrial Trust, Dexus Office Trust and Dexus Operations Trust, which should be read in conjunction with the 2019 Annual Report.



2019 Property Synopsis

An overview of Dexus's property portfolio.



2019 Sustainability Performance Pack

Comprehensive sustainability reporting that supports the results outlined in the 2019 Annual Report.

The 2019 Annual Reporting Suite is available in hard copy by email request to ir@dexus.com or by calling **+61 1800 819 675**.



About Dexus

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 26,000 investors from 19 countries.

With 35 years of expertise in property, investment, development and asset management, we have a proven track record in managing capital and risk to deliver superior risk-adjusted returns for our investors.

We invest only in Australia, and directly own \$15.6 billion of office and industrial properties. We manage a further \$16.2 billion of office, retail, industrial and healthcare properties for our third party capital partners. The group's circa \$9.3 billion development and concept pipeline provides the opportunity to grow both portfolios and enhance future returns.

We consider sustainability to be an integral part of our business with the objectives of leading cities, future-enabled customers, strong communities, thriving people and an enriched environment supporting our overarching goal of delivering sustained value.

We believe the strength and quality of our relationships will always be central to our success and we are deeply committed to working with our customers to provide spaces that engage and inspire.

Our Purpose

Dexus's purpose is an affirmation of our reason for being in business and supports our strategy and business model. It is the driving force behind our brand and desired culture.

Who we are

We are a passionate and agile team who want to make a difference

What we believe in

We are here to create value for:

- Our customers
- Our investors
- Our communities
- Our people

Why we come to work

We create spaces where people thrive

How we behave and what we value

- Openness and trust
- Empowerment
- Integrity

\$31.8bn

Total funds under management

157

Properties

4.7m

square metres across the group

\$14bn

Market capitalisation as at 30 June 2019

Sustainability at Dexus

Dexus's sustainability reporting provides a comprehensive overview of our sustainability performance from 1 July 2018 through to 30 June 2019 (FY19).

This year we aligned our 2019 Annual Report with the recommendations of the International Integrated Reporting Council <IR> Framework and published an integrated report that recognises the importance of our properties, our people, our business relationships, and the natural environment as key capital inputs for delivering sustained financial performance. The value creation diagram below integrates the objectives of our Sustainability Approach (sustained value, leading cities, thriving people, future enabled customers, strong communities, and enriched environment) as key outcomes of our business model, illustrating how these objectives relate to the key resources used to drive value creation.

The Dexus 2019 Sustainability Performance Pack expands on the performance highlights within the Annual Report, and provides further insight into how we use sustainability as a lens to integrate environmental, social and governance (ESG) issues into our business model.

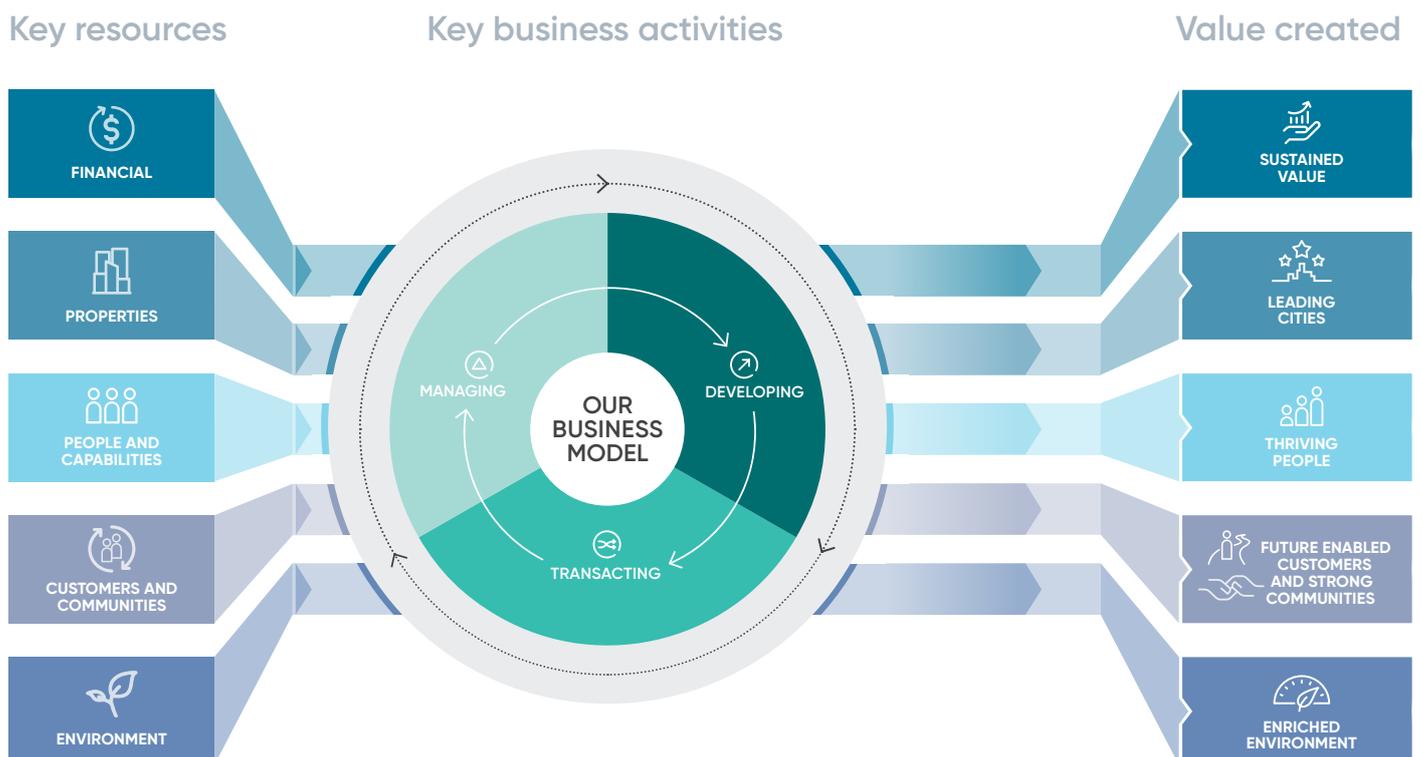
Investor engagement and feedback has revealed a strong preference for sustainability reporting that articulates how our Sustainability Approach delivers long-term value, by using consistent and comparable metrics appropriate for our industry. Our 2019 Sustainability Performance Pack continues our track

record of disclosure of our Sustainability Approach, performance and impact to stakeholders. The Sustainability Performance Pack also reports on progress against key commitments and defines new commitments for each of our Sustainability Approach objectives.

The Dexus 2019 Sustainability Performance Pack is supported by:

- [Dexus 2019 Sustainability Data Supplement](#)
Comprehensive disclosure of sustainability/ESG datasets aligned with reporting frameworks including the GRI Standards.
- [Dexus 2019 Disclosures on Management Approach](#)
Detailed descriptions of Dexus's approach to managing material issues, aligned with the GRI Standards reporting framework.
- [Dexus 2019 Corporate Governance Statement](#)
Dexus's corporate governance framework, reconciled against the principles of the ASX Corporate Governance Principles and Recommendations – Third Edition.

We continue to engage with stakeholders on the effectiveness of our reporting, with a view to continued enhancement of how we report on our economic, social and environmental impact.



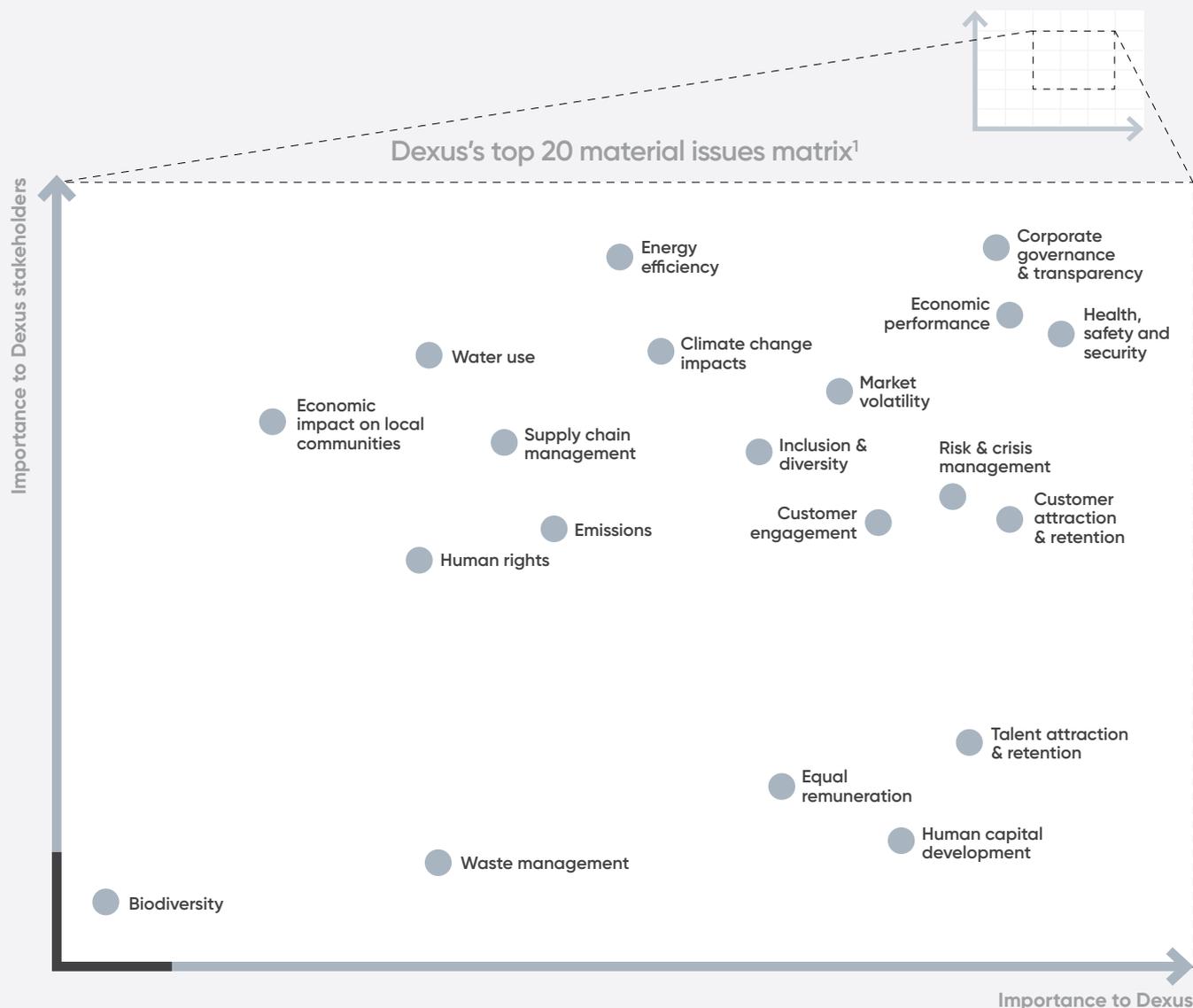
Sustainability at Dexus

Dexus applies the materiality definitions from the Integrated Reporting Framework and the GRI Standards, which consider material issues to be those that are of high importance to our stakeholders and that affect the organisation's ability to create value over the short, medium and long term.

This year, we undertook a materiality assessment to identify key topics that impact our ability to create value for our stakeholders. We included issues that linked to strategy, governance, performance or opportunities. We considered what was important to key stakeholders and what Dexus can have a material impact upon.

We have created a matrix to assist in prioritising the top 20 material issues as the basis for ongoing disclosure. The matrix shows the importance that Dexus and its stakeholders place on these top 20 material issues in relation to their impact on our ability to create value.

These material issues inform the topic areas that we focus on in our reporting and are a major consideration in the development of our evolving [Sustainability Approach](#). [Dexus's 2019 GRI Index](#) maps the location of disclosures within the Dexus 2019 Annual Reporting Suite that address these material issues using relevant GRI Standards indicators.



1. Each of the listed material issues are considered of high importance to Dexus stakeholders and to Dexus's business.

Materiality assessment process



In FY19, Dexus completed a materiality assessment, in collaboration with an external consulting firm, that followed the four-stage process described in the table below. We have historically completed a materiality assessment with an external consulting firm every four years, with a management review completed in the intervening years.

1. Identify & align	2. Engage	3. Prioritise	4. Disclose
<p>Research existing and emerging material issues relevant to our business, as identified by:</p> <ul style="list-style-type: none"> – Local and international best practice – Investment bodies – Sustainability benchmarking tools – Industry associations 	<p>Engage with key stakeholders to identify issues that are considered important to the group. This included issues relating to GRI Standards topics as well as other stakeholder issues.</p>	<p>Engage with topic experts across Dexus to assign an appropriate level of priority on the relative materiality of the issues, prioritising them based on their significance and likely impact to Dexus and our stakeholders.</p>	<p>We have aligned our materiality process with the GRI Standards to ensure our Annual Reporting Suite discloses our approach to material issues and performance in a consistent and comparable way.</p>

Managing risk

A prudent and robust approach to risk management is an essential part of Dexus’s ongoing success. There are various risks that could impact the execution of Dexus’s strategy and outlook, and the nature and potential impact of these risks can change over time.

Dexus actively reviews and manages risks faced by the group over the short, medium and long term, overseen by the Board Risk Committee.

For further information on Dexus’s risk management framework refer to the [2019 Annual Report](#) and the [2019 Corporate Governance Statement](#).

Boundary terms

In this 2019 Sustainability Performance Pack:

- ‘Dexus’, ‘the group’, ‘Dexus group portfolio’, ‘we’, ‘us’ and ‘our’ refer to Dexus comprising the ASX listed entity (DXS) and the Third Party Funds Management business, unless otherwise stated
- ‘Dexus portfolio’ relates specifically to the portfolio of properties in the ASX listed entity
- ‘Funds management portfolio’ relates to properties managed by Dexus on behalf of third party clients
- ‘Third party capital partners’ refers to the investors, partners, and clients in our funds management portfolio

Any reference in this report to a ‘year’ relates to the financial year ended 30 June 2019. All dollar figures are expressed in Australian dollars unless otherwise stated.

Independent assurance

In addition to auditing the Financial Statements, PricewaterhouseCoopers (PwC) provides limited assurance over select environmental and social data metrics within the 2019 Dexus Annual Reporting Suite.

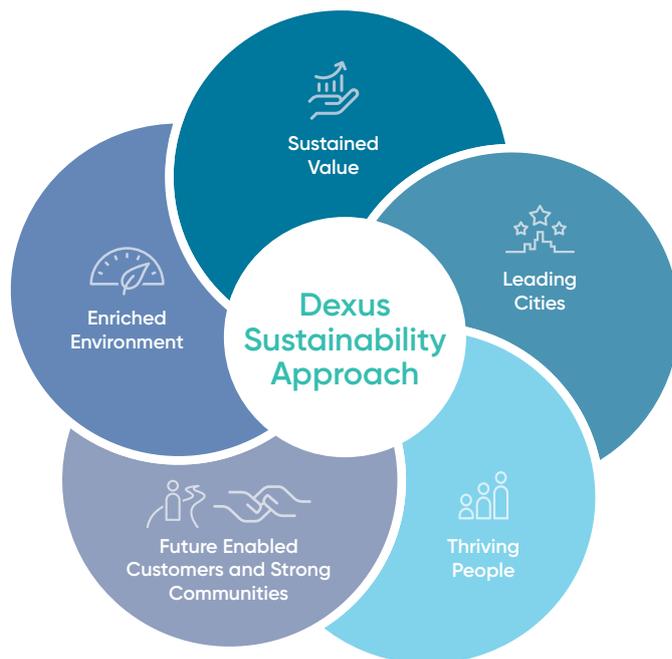
Limited assurance has been obtained for the 12 months to 30 June 2019. The Assurance Statement, and associated reporting criteria documents are available within Dexus’s online [sustainability reporting library](#).

Sustainability at Dexus

Dexus's Sustainability Approach

Dexus's Sustainability Approach incorporates the Principles for Responsible Investment (PRI) 'six principles' relating to responsible investment and active property management. The approach is aligned with our corporate strategy by supporting the creation of sustained value through integration of material ESG issues into our business model.

Our Sustainability Approach is the lens that we use to effectively manage emerging ESG risks and secure long-term value creation opportunities. It incorporates five objectives which collectively direct our focus towards addressing the issues considered to be most material for our stakeholders.



Aligning with global goals

As a signatory to the UN Global Compact (UNGC), we are committed to upholding the UNGC's ten principles and also support broader UN objectives such as the Sustainable Development Goals (SDGs).

The UNGC's ten principles are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The SDGs are a set of 17 universal goals applicable to all countries at all stages of development. They lay out a path to 2030 to end extreme poverty, fight inequality and injustice, protect the planet, and provide a framework for global and local sustainable development efforts. Through continued integration of our Sustainability Approach into the business, we can have a positive impact on the SDGs identified below.



We integrate our Sustainability Approach into the business to effectively manage emerging ESG risks and secure long-term value creation opportunities.



Sustained Value

Creating long-term value by integrating environmental, social and governance issues into our business model

ECONOMIC PERFORMANCE

CORPORATE GOVERNANCE

SUSTAINABLE INVESTMENT

Our capacity to sustain financial performance depends on how we create value through our key resources and is supported by strong corporate governance.

Dexus's strategy is to deliver superior risk-adjusted returns for investors from high quality real estate in Australia's major cities. Continued execution of our strategy over time requires effective deployment of our key resources and relationships, including:

- **Financial** – The pool of funds available to us for deployment, which includes debt and equity funding, as well as profits retained from our property management, development and trading activities
- **Manufactured** – Our properties, which are central to our capacity to create value as a real estate company
- **Human** – The knowledge, expertise and performance of our people
- **Social and relationship** – The relationships we nurture with our customers, local communities and suppliers
- **Natural** – The natural resources we use such as energy, water and materials

The objectives of our Sustainability Approach are aligned with our key resources and relationships:

- **Sustained Value** – Delivering long-term financial performance supported by active capital management, strong corporate governance, and the achievements of our other Sustainability Approach objectives

- **Leading Cities** – Focusing on maintaining and developing a high-quality property portfolio that contributes to economic prosperity and sustainable urban development across Australia's key cities
- **Thriving People** – An engaged and capable workforce with high levels of personal fulfillment and satisfaction, who are motivated to deliver on our strategy
- **Future Enabled Customers and Strong Communities** – Satisfied and successful customers, prosperous and strong communities, and capable suppliers with whom we enjoy productive and enduring relationships
- **Enriched Environment** – An efficient and resilient portfolio that minimises our environmental footprint, helping us to mitigate climate risk and prepare for the future

The approach and performance disclosed in each section of this Sustainability Performance Pack ultimately supports our creation of sustained value. The Sustained Value section of this report focuses on:

- Summarising the financial results across our key earnings drivers
- Advances in corporate governance over the past year
- Our positioning as a sustainable investment of choice

5.0%

Growth in distribution per security

5.5%

Growth in Adjusted Funds from Operations (AFFO) per security

10.1%

Return on contributed equity



We drive sustained value creation through effective integration of our Sustainability Approach into our strategy and operations

Delivering FY19 Sustained Value commitments

Commitment	Status	FY19 Achievements
Investors	Deliver circa 5% growth in distribution per security	✓ Delivered 5.0% growth in distribution per security, declaring 50.2 cents per security for FY19 (FY18: 47.8 cents per security)
Office and Industrial	Maintain office and industrial occupancy >95%	✓ Achieved 98% and 97% occupancy in our office and industrial portfolios respectively as at FY19
	Target like-for-like income growth in office of 4-5% and industrial of 2.5-3.5% revised to circa 3% and circa 8% respectively in May 2019	✓ Delivered 3.4% like-for-like income growth in office and 8% in industrial
	Manage capital expenditure down to \$155-165 million	✓ Reduced total capital expenditure to \$164.3 million (FY18: \$167.8 million)
	Selective forward leasing to manage expiry risk	✓ Office portfolio FY20 lease expiry reduced to 6.9% at 30 June 2019, down from 11.7% at 30 June 2018
	Capture upside in Sydney market	✓ Leased 98,898 square metres in the Sydney CBD office market achieving +24% releasing spreads
Development	Complete the development of 100 Mount Street, North Sydney	✓ Completed 100 Mount Street development in May 2019 with 96% of space committed at 30 June 2019 and achieving an unlevered IRR of 39.6%
	Advance and de-risk leasing of key projects in the development pipeline and activate new opportunities	<p>✓</p> <p>Leasing risk was reduced across all key office development projects with:</p> <ul style="list-style-type: none"> - 100 Mount Street, North Sydney reaching practical completion with 96% of space committed, up from 63% at FY18 - 240 St Georges Terrace, Perth with 93% of space committed, up from 51% at FY18 - 180 Flinders Street, Melbourne with 81% of space committed, up from 39% at FY18. <p>✓</p> <p>New opportunities acquired or activated include:</p> <ul style="list-style-type: none"> - A fund-through development of a premium grade office tower, hotel and retail precinct at 80 Collins Street, Melbourne which was announced in May 2019 - Securing a prime office development site at 52 & 60 Collins Street, Melbourne - Commencing a city retail redevelopment at MLC Centre, Sydney - Activating two industrial development projects at Truganina in Victoria
Third Party Funds Management	Continue to drive strong performance across all unlisted funds and partnerships, while progressing the launch of new unlisted funds or partnerships	✓ Unlisted funds continued to achieve strong performance against their investment objectives Dexus Wholesale Property Fund (DWPF) continued to outperform its benchmark over all time periods Established a new circa \$2 billion ¹ unlisted trust that invests in Australian logistics properties Attracted 12 new investors across four managed funds.

Key

✓ achieved → progressed

1. On completion.

Commitment	Status	FY19 Achievements
Trading	✓	Delivered \$34.7 million of trading profits net of tax, achieving the FY19 target
Capital Management	✓	Debt duration remained high at 6.7 years at 30 June 2019 Further diversified funding sources through the issue of \$425 million of Exchangeable Notes to fund the acquisition of a further 25% interest in the MLC Centre, Sydney

Key

✓ achieved → progressed

Creating spaces where people thrive

We recognise that our capacity to create value for our investors ultimately depends on how we create value for a broader array of stakeholders, including:

- our **customers**, who lease space from us based on how well we are able to meet their needs and foster their success
- our **employees**, who work for us because they are engaged, healthy, and provided with fulfilling career opportunities
- the **communities** in and around our properties, who impact our capacity to create value by welcoming our presence in their local area
- broader **society**, who judge us on whether we have a positive or negative impact on societal issues such as climate change and human rights.

The Dexus Purpose

Our new purpose statement, developed by our people and approved by our Board over the past year, articulates how we leverage our business model to meet the needs of our many stakeholders. Our purpose states that:

- **We are a passionate and agile team who want to make a difference** – defining key traits of our workforce and confirming that we want to enhance those around us through our work
- **We create spaces where people thrive** – directing us to think about what our stakeholders need to ‘thrive’ when we go about managing our portfolio and our workspace
- **We are here to create value for customers, investors, communities and our people** – solidifying the importance of value creation for the broad stakeholder base that interacts with our business
- **Our values are openness and trust, empowerment, and integrity** – confirming the traits we look for to embed ethics and responsibility across our organisation.

More information on the development of our purpose is provided on page 21.

FY20 commitments

- Circa 5.0% growth in distribution per security
- Increase WALE and maximise AFFO in our office portfolio
- Maximise synergies across our industrial and retail customer base
- Maintain a strong balance sheet and further diversify debt

Focus on corporate governance

Our new Governance team

In February 2019, we established an internal governance team led by a new position, the Head of Governance. We also split our Risk and Compliance team into a separate Risk Team and Compliance Team, with a dedicated Head of Risk and Head of Compliance. The Head of Governance, Head of Risk, and Head of Compliance all report directly to the General Counsel. Each of these business heads also have direct reporting lines to the CEO and the Chairman of the Board, enabling them to raise issues to CEO and Board levels promptly when required.

The new Governance team is responsible for:

- Company secretariat functions across the group
- Establishment and implementation of key governance policies
- Internal Audit function
- Investigating disclosures made by whistleblowers

We reviewed our governance frameworks against the ASX Corporate Governance Principles and Recommendations (Fourth Edition), published in February 2019. Our new purpose statement articulates the 'why' behind our business and defines the values that underpin our purpose, as stated in the recommendations. Our review found that we are already compliant with the vast majority of recommendations, including new additions such as guidance to recognise and disclose climate risk, as well as to set gender diversity targets for our Board.

Key ESG policy reviews

All key policies are reviewed annually. Over the past year, we updated several policies that support our approach to ESG issues, including:

- [Inclusion and Diversity Policy](#) – updated to include a Board Inclusion and Diversity Policy and explain the practices that support inclusion and diversity across our business
- [Human Rights Policy](#) – updated to recognise human rights as defined by international law, and explain our approach to upholding human rights across our operations and our supply chain
- [Environment Policy](#) – updated to include commitments that support our net zero emissions by 2030 target, and to specify key activities for environmental sustainability that are applicable to property operations, transactions and developments, as well as to environmental performance across our value chain
- [Sustainable Procurement Policy and Supplier Code of Conduct](#) – updated to acknowledge the inclusion of upstream and downstream operations in our net zero emissions by 2030 target, and to direct suppliers to manage their people ethically, in line with our commitment to the UN Global Compact

Recognising the opportunity to learn from the recent inquiries into corporate culture across Australian financial services companies, we initiated a risk culture review of our organisation, as detailed on page 22.

From ship to shop shelf: Dexu's integrated retail and industrial offer

Dexu has integrated its retail and industrial teams into one division to support its customers' activities through different stages of their supply chains. The integration was a response to the growing operational synergies between retail and industrial property sectors, as circa 50% of Dexu's industrial customers are also retail customers in its shopping centres.

The integration has allowed Dexu to better understand global megatrends, address the growing e-commerce economy and meet customers' expectations in an increasingly urbanised world. The new 'ship to shop shelf' offering supports customers throughout their logistics journey, providing them with the capacity to move products from air or sea ports to their end users or retail outlets via their warehouse space.

With customer experience at the core of Dexu's business, the alliance will provide its customers with a fully integrated property experience from ship to shop shelf, supporting them through their entire property journey.



Spotlight on modern slavery

In November 2018, the Australian Government passed the *Modern Slavery Act 2018* (the Act). The Act sets out a public reporting requirement, applicable to entities generating \$100 million or more annual revenue, to report on modern slavery risks present in the entity's operations and supply chains, as well as actions taken to address these risks and assess the effectiveness of their actions. The Act came into effect on 1 January 2019, and we are obligated to issue our first modern slavery statement after the close of FY20.

Over the course of FY19, we have made progress to better understand the modern slavery risks in our operations and supply chain, as well as enhance how we can mitigate these risks. Three key initiatives from FY19 that support our approach to modern slavery include:

1. Signing up to the United Nations Global Compact
2. Setting up internal modern slavery working groups
3. Collaborating with the Property Council of Australia (PCA) on an industry-wide supplier due diligence tool.

Dexus joins the UN Global Compact

In February 2019, we joined the UN Global Compact, which commits businesses to upholding universal principles on human rights, labour, environment and anti-corruption. Our membership in the UN Global Compact signals our commitment to responsible business practices and enables us to benefit from support and learning opportunities provided by the Compact. The UN Global Compact also encourages businesses to consider how their business can contribute to broader global objectives such as the UN Sustainable Development Goals.

As a signatory to the UN Global Compact, we are required to submit an annual *Communication on Progress* that describes practical actions taken to implement the ten principles across human rights, labour, environment and anti-corruption. Our 2019 Sustainability Performance Pack, Data Supplement, and Disclosures on Management Approach collectively serve as our *Communication on Progress*.

Dexus's modern slavery governance framework

In FY19 we set up an internal modern slavery working group, as well as subgroups focused on operational procurement, development procurement, corporate procurement, and communications. The working group is led by the Executive General Manager, Investor Relations, Communications and Sustainability, and reports to the Board Risk Committee.

The working group assisted in the revision of our Human Rights Policy and identified areas of focus for the subgroups, such as:

- Reviewing contractual documentation and returnable schedules to include requirements related to modern slavery
- Considering supplier evaluation criteria and enhancing understanding of potential monitoring approaches
- Mapping supply chains to understand supplier obligations under the Act and assisting suppliers to prepare for the Act
- Preparing communications to employees, customers, and communities about the Act, and training to be provided to employees about how to respond to potential occurrences of modern slavery if identified.

For more information on how we are engaging our supply chain on modern slavery risks, please see page 37.

PCA industry-wide supplier due diligence tool

We continued our collaboration with industry peers via the PCA to co-create and pilot a common modern slavery due diligence questionnaire for suppliers. The questionnaire is designed to assist suppliers to provide relevant information to procuring companies like Dexus that support our modern slavery reporting obligations.

We will continue to progress our modern slavery risk management efforts in FY20 by engaging with suppliers to establish appropriate policies and procedures, and effective reporting back to Dexus on modern slavery practices, instances and affirmative actions. We will also deploy the PCA's supplier due diligence tool across current suppliers to gather company information on their labour management practices. Through these activities Dexus will collect consistent information for analysis to enhance benchmarking and prioritise further engagement.

Positioning Dexus as a sustainable investment of choice

Dexus recognises the growing interest from the global investment community in responsible investment, sustainable investment, and impact investment. We engage with our investors and prospective investors on how we leverage sustainability as a means of managing emerging risks and unlocking long-term value creation opportunities.

We participate in several investor ESG surveys for the purposes of benchmarking our sustainability performance, communicating our sustainability credentials and understanding how we can continuously enhance our Sustainability Approach.

Our FY19 results across key investor ESG surveys are provided in the table below, which demonstrate our strong positioning across these leading benchmarks.

Investor engagement on ESG

We work with ESG rating providers to ensure that their clients have the most accurate and up-to-date information on our sustainability performance, and welcome direct engagement from our investors on ESG issues. Issues discussed with key investors during FY19 included:

- Continuing our focus on climate risk and enhancing our reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (page 47)
- Preparing for the Australian Modern Slavery Act (page 11)
- Our approach to executive remuneration (2019 Remuneration Report, pages 68–91 of [Dexus's 2019 Annual Report](#)).

Our strong sustainability credentials have earned Dexus a place on ESG-focused investable indices in FY19, including:

- MSCI ACWI Climate Change Index, which considers companies' integration of risks and opportunities associated with the transition to a lower carbon economy
- S&P/ASX 200 ESG Index, which bases membership on strong performance in the SAM Corporate Sustainability Assessment (Dow Jones Sustainability Index).

Sustainability benchmark	FY19 Performance summary
<p>Signatory of:</p>  <p>Principles for Responsible Investment</p>	<p>In 2019, PRI awarded Dexus:</p> <ul style="list-style-type: none"> – 'A+' perfect score across the Strategy and Governance module, as well as for our approach to responsible investment across our Direct Property portfolio.
 <p>G R E S B[®] REAL ESTATE Sector Leader 2018</p>	<ul style="list-style-type: none"> – Dexus Office Trust achieved 1st place among Australian listed office funds, and placed 6th globally among over 870 participants across all asset classes – Dexus Wholesale Property Fund (DWPF) was named Sector Leader, achieving 1st place for unlisted Diversified (Office/Retail) funds in Australia – Both entities maintained their 5 Green Star status recognising best practice at setting management strategy and policy and achieving successful outcomes through implementation.
 <p>DISCLOSURE INSIGHT ACTION</p>	<ul style="list-style-type: none"> – Dexus was awarded 'Leadership A-' status in 2018, which is among the top 4% of scores for Australian companies asked to respond to CDP.
<p>MEMBER OF</p>  <p>In Collaboration with RobecoSAM</p>	<ul style="list-style-type: none"> – Dexus retained its position in the 2018 DJSI World, Asia Pacific and Australian indices – Dexus was awarded a Gold Class Sustainability Award in the RobecoSAM 2019 Sustainability Yearbook.



Leading Cities

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

SUSTAINABLE DEVELOPMENT

ECONOMIC IMPACT OF DEVELOPMENT

STAKEHOLDER ENGAGEMENT

Dexus's capacity to create value is tightly linked to the overall growth and prosperity of the cities where we operate.

One of the key megatrends impacting our business model is the continued growth of cities and urbanisation. There is a mutual relationship between these growth drivers and the role that Dexus can, and does, play in shaping our cities for the future as desirable places to live, work and play. This is consistent with our strategy which is centred on delivering superior returns from high quality real estate located in Australia's major cities.

The Leading Cities objective of our Sustainability Approach involves developing world-class office properties that deliver customer-focused, sustainable workplaces and which enhance the amenity and vibrancy of central business districts (CBDs).

The location of our properties across key Australian CBDs means that their function is closely linked to the broader services, infrastructure and amenity provided by the city as a whole. For this reason, our success is tightly linked to the success of Australia's major cities.

Cities deliver economic prosperity through enhancing opportunities for collaboration and supporting the exchange of knowledge and ideas. We contribute to this prosperity through the delivery and management of world class properties that attract high calibre customers whose businesses support local, regional and national economies. We expand our reach and engage local communities through collaboration with authorities and industry associations, and work together with peers and other stakeholders to share insights and lift urban development standards.

More information on our approach to delivering our Leading Cities objective is provided in our [2019 Disclosures on Management Approach](#).



We contribute to the long-term viability of cities by integrating sustainable outcomes into our developments.

1. Total Gross Value Added (GVA) includes estimated direct GVA and indirect GVA to the economy generated by developments completed in FY19 and currently underway. Source: REMPLAN; Dexus.
2. Total construction jobs include direct and indirect employment supported by developments completed in FY19 and currently underway. Source: REMPLAN; Dexus.

98%

Dexus office portfolio occupancy

52,815_{sqm}

Dexus office development leasing

\$7.1bn

Group development pipeline

Circa

\$2.2bn

Future concept development opportunities

\$1.6bn

Gross value added¹ (GVA) to the Australian economy

10,149

Construction jobs supported²

Delivering FY19 Leading Cities commitments

Commitment	Status	FY19 Achievements
Collaborate with stakeholders to invest in the cities of the future by unlocking potential value and enabling sustainable urbanisation through the activation of six sites within the existing portfolio from 2017–2022	✓	Contributed to sustainable urbanisation through the activation of six sites within the existing portfolio including 360 Collins Street, Melbourne, 105 Phillip Street, Parramatta, Raphael Place at One Farrer Place, Sydney, 321 Kent Street, Sydney, 44 Market Street, Sydney and 100 Mount Street, North Sydney.
Contribute to the creation of cities of the future through the development of four precincts that are defined by human activity, comfort and culture, with people connecting to each other and to place	→	Progressed the planning and development of four city-shaping precincts including Waterfront Precinct in Brisbane, St Leonards Health Precinct in Sydney, Henry Deane Place, Central in Sydney and 140 George Street in Parramatta.

Key

✓ achieved → progressed

Helping to shape leading cities

At Dexus, we believe that our properties serve as important community precincts that enhance urban amenity, and that our developments can demonstrate highly sustainable outcomes.

In May 2019, our newest office development at 100 Mount Street in North Sydney was completed, providing a showcase for smart building technology and setting a new benchmark for office in the North Sydney CBD. 100 Mount Street was recognised as the Best Commercial High-rise Development in Australia at the International Property awards 2019–2020.

100 Mount Street is an exemplar of sustainable design with leading design and innovation features including:

- Highly transparent closed cavity facade with automated blind system to reduce glare while maximising natural light and visibility
- Low energy, healthy and flexible active chilled beam air conditioning system
- Occupancy sensors that enable operational and environmental efficiencies through automation and data analytics.

Marking a significant milestone, the development of our premium industrial estate at Quarry, Greystanes was completed, delivering a key economic hub to Western Sydney. The completion of Quarry, Greystanes has delivered the most significant industrial estate developed in the expanding Greater Western Sydney area in recent years, attracting a diverse community of high calibre customers across a range of sectors, and providing employment for around 3,000 people.

FY20 commitments

- Maintain Dexus office portfolio occupancy at or above 95%
- Create city retail precincts that improve the amenity and vibrancy of our CBDs
- Contribute to economic growth through the generation of employment and contribution to GVA from development projects





100 Mount Street delivers a new landmark for North Sydney

After years of limited supply, 100 Mount Street (100 Mount) has kicked off the next wave of quality office accommodation coming online in North Sydney, supporting the revitalisation of the North Sydney CBD.

100 Mount is a landmark 35-level premium office tower spanning approximately 41,900 square metres. Occupying one of the best locations in North Sydney, the site is set to benefit from proximity to the new North Sydney Metro Station currently under construction.

The development was acquired by Dexus (50%) and DWPF (50%) in April 2016 at a time when there was a lack of quality space available in the North Sydney office market. During the period of construction, Dexus secured 12 new customers including NBN Co, taking leased space to 96% at practical completion in May 2019.

Dexus created significant value at 100 Mount Street, at a total cost, including acquisition and construction costs, of \$466 million.

The property was valued at \$764 million (100% interest) as at 30 June 2019 based on a capitalisation rate of 4.88% and has delivered an annualised unlevered internal rate of return (IRR) of 39.6% to 30 June 2019, above the target development IRR of 12–14%.

Contributing to leading cities

100 Mount is an iconic centre for commerce in North Sydney's growing CBD that sets a new benchmark for workplace design, sustainability features and public amenity.

The office tower adopts smart building technology solutions designed to promote connectivity, comfort and convenience for the building's occupants including:

- The ability to 'plug and play' technology as it becomes available without impacting on operations
- Leading full cellular coverage throughout the building and an upgrade path to the impending 5G standard
- High performance, free WiFi in common and public spaces
- A turnkey network-as-a-service solution enabling new customers to gain connectivity and leverage the substantial IT infrastructure embedded in the building from their first day of occupation

At the ground level, the lobby comes to life with digital artwork by internationally renowned photographer, Tamara Dean. The development offers new dining and retail experiences and a pedestrian pathway bisects the site to connect the building to nearby public transport.

An exemplar of sustainable design, 100 Mount is targeting 5 Star Green Star Design & As Built and 5 star NABERS Energy ratings. The International WELL Building Institute™ has awarded 100 Mount the WELL Core & Shell Gold Pre-certification.

This new development supported more than 1,800 construction jobs and contributed approximately \$300 million in GVA during construction.

Quarry, Greystanes delivers a premium industrial estate to Western Sydney

Quarry, Greystanes (Quarry) is the most significant industrial estate developed in the expanding Greater Western Sydney area in recent years.

Dexus and its third party capital partners acquired the 70-hectare site over two tranches in 2007 and 2014 and have delivered more than 310,000 square metres of premium warehouse space and 30,000 square metres of high-quality office space.

Dexus worked alongside its customers to deliver highly efficient, state-of-the-art facilities to meet their specific requirements.

With a focus on sustainability, facilities in the estate feature:

- Capacity for rooftop solar PV panels, achieving energy and operational cost savings through renewables
- Harvested rainwater from rooftops combined with highly efficient water fixtures in bathrooms and irrigation
- Intelligent LED lighting with sensors combined with motion and smart daylight harvesting
- Translucent roofs and wall sheeting for improved natural daylight linked to smart lighting

Contributing to leading cities

More than 30 high calibre customers across a range of sectors are located at Quarry including Bunnings Trade, Toshiba, HelloFresh, Symbion, Beaumont Tiles and Coco Republic, providing employment for around 3,000 people.

Quarry has established a key economic hub for Greater Western Sydney, supporting more than 1,400 construction jobs and contributing approximately \$240 million in GVA during construction.





Creating leading city precincts

At several locations across our portfolio, we have identified opportunities to go beyond the building envelope to create world-class urban precincts. In FY19, we progressed several precinct opportunities, including:

- **Waterfront Precinct Masterplan, Brisbane** – a major redevelopment of the Eagle Street Pier creating a precinct with an alternative masterplan under review
- **St Leonards Health Precinct (12 Frederick Street), St Leonards (Stage 2)** – a world-class precinct, combining clinical care, research facilities, a medi-hotel and key worker housing that will expand the existing medical precinct
- **Henry Deane Place, Sydney** – revitalising Sydney's Central Station through the redevelopment of the Lee Street properties in partnership with Frasers Property Australia into a large scale mixed-use development
- **140 George Street, Parramatta** – a prime grade office development in the heart of the Parramatta central business district, providing an innovative workplace environment and superior wellness offering, complemented by an enhanced public domain

One Farrer Place, Sydney

We also continued to enhance our existing portfolio through new city retail developments that delight our customers and welcome visitors. In FY19, we progressed a new dining precinct at One Farrer Place in Sydney. Raphael Place is a historic courtyard between One Farrer Place and a row of heritage-listed terraces along Raphael Lane. Raphael Place will feature new food and beverage offerings, communal seating and a newly installed glazed awning over the courtyard. The courtyard showcases the site's rich history and will be combined with a contemporary dining experience for our customers at One Farrer and the surrounding community.

44 Market Street, Sydney

We also progressed our lobby activation project at 44 Market Street, Sydney. The project will reinvigorate the ground floor and mezzanine areas of the property, activating street frontages and improving amenity for customers and the community. On completion, the property will offer additional retail, food and beverage options, as well as a new pocket park for customers and the surrounding community to enjoy.

MLC Centre, Sydney

The acquisition of the remaining 50% interest in MLC Centre, Sydney (25% Dexus, 25% DWPF) enabled the commencement of the precinct project to transform the site into a true mixed-use destination. The MLC Centre precinct will be transformed into a vibrant community offering retail, dining and cultural spaces in the heart of the Sydney CBD. The project will deliver new and improved retail space across four levels and also includes plans to reactivate the Theatre Royal, with Dexus reaching agreement with the NSW Government, paving the way for a private theatre operator to run the theatre.



5 Martin Place, Sydney wins again

During the year 5 Martin Place, Sydney received an Award of Merit at the UNESCO Asia-Pacific Awards for Cultural Heritage Conservation. The award recognises the property's revitalisation as Premium office while refurbishing its period features and preserving its historic character.

Raising the benchmark for our industry

At IBCon 2019, Dexus was globally recognised for leveraging technology to improve efficiencies and deliver superior customer service. Dexus was awarded the 'Digie' award for the Most Intelligent Office Portfolio, recognised for:

- Being an early pioneer in adopting a customer centric approach through the creation of Dexus Place, proving that focus on experience would generate a measurable return on investment
- Continually testing and implementing best of breed, cybersecure, smart building access control and management solutions in both new and existing properties
- Creating an elite partnership with Yardi, effectively leveraging all modules of the Yardi suite to maximise enterprise benefits





City activations and events

NRL in Brisbane

We play a role in enhancing the vibrancy of cities by participating in and hosting events and festivals at our properties across our portfolio. At Eagle Street Pier in Brisbane, retailers and visitors enjoyed National Rugby League (NRL) Magic, a weekend of events including big screen showings of NRL matches, face painting, balloon artists, and magicians. National television show, The Today Show, provided national coverage for both NRL and Mother's Day audiences. The activation provided enjoyment for visitors, increased visitation for our retailers, and resulted in marketing value over \$220,000 with a reach of over 1.5 million people.

Vivid Sydney

In May–June 2019, our Sydney properties once again contributed to the success of the Vivid Sydney festivals with custom installations and light shows. At our Gateway Sydney city retail precinct, we installed an interactive display called *The Harp of The City*. At Australia Square, lights installed at the top of the property played a role in the larger city-wide effect called *City Sparkle*.

Christmas in Perth

Kings Square in Perth took part in the City of Perth's Christmas Lights Trail by activating available space with an illuminated Christmas window display, showcasing Santa's Secret Elves and their headquarters. The Kings Square precinct also featured a Christmas Constellation make up of over 20,000 shimmering panels.



Our buildings as public exhibition spaces

In late 2018 we hosted an exclusive exhibition, *BLUE: Metamorphosis – Layered Reflections, Expressions of A Life Reinvented* at Australia Square, MLC Centre and One Farrer Place in Sydney.

The exhibit featured more than 30 of renowned artist Mellessa Raymond's works, and turned the lobbies of these three office towers into immersive art experiences for customers and visitors.

During the year, Australia Square also hosted *In Bloom: a photographic lightbox installation of spring flowers* by internationally acclaimed photographer, director and artist Alina Gozin'a. The installation engaged customers and visitors through an immersive experience, with one lucky individual winning a piece of Alina Gozin'a's artwork via a business card draw on the last day of the exhibition.

Attractions like *BLUE:Metamorphosis* and *In Bloom* contribute to the vibrancy of our cities and provide an extra dimension to our properties where customers and visitors can socialise and enjoy cultural experiences.



Our properties are more than just workspaces, they are community hubs where people come together to meet, eat, play and learn.



Partnerships for sustainable development

Dexus helps shape sustainable urban development through active engagement on sustainability issues with local government and business groups.

Better Buildings Partnership

Dexus is a founding member of the Sydney-based Better Buildings Partnership (BBP) that brings together property managers to collaborate on improving environmental performance and value chain relationships.

We continued to support BBP initiatives and collaborate on developing industry leading guidance. We are in the third year of implementing the BBP's 'strip out' waste guidelines within tenancy de-fit projects. Dexus's goal is to consistently meet an 80% waste recovery rate and has made significant progress towards this, achieving our goal across 19 of 31 projects to date (refer to page 44 for more on our approach to waste management). Our office property at 100 Harris Street, Pyrmont is also participating in the BBP's Better Buildings Cup, which involves collaboration with our customers to reduce emissions and improve wellbeing.

Partnering on climate change

Dexus is a member of the Investor Group on Climate Change (IGCC) and supports its vision for a climate resilient net zero emissions economy by 2050. Our people supported the aims of the IGCC through participation in several working groups, including its Physical Risk and Resilience working group, Transition to Zero Carbon working group, and Transparency and Thought Leadership working group.

As part of our continued support for a net zero emissions future, we signed up to the World Green Building Council's Net Zero Carbon Buildings Commitment and became members of the Climate Group's EP100 campaign to enhance energy productivity. The Enriched Environment section on pages 38-53 provides more detail on our emissions reduction activities and net zero emissions target.

We trial and provide feedback on building rating tools that support the elevation of standards and performance for our industry. In FY19 we continued to pilot the use of NABERS Waste and NABERS Indoor Environment ratings at select sites across our portfolio (refer to pages 44-45). We also participated in the Green Building Council of Australia's Green Star Future Focus workshops, aimed at reshaping the Green Star rating system to lift the benchmark for sustainable outcomes in the built environment.



100 Harris Street goes for Better Buildings Cup

Dexus has selected its office property at 100 Harris Street in Pyrmont, Sydney to participate in the BBP's Better Buildings Cup, a year-long challenge that commenced in May 2019. The challenge is a collaboration between Dexus and its customers at 100 Harris Street to become the happiest, healthiest and most sustainable workplace in Australia.

The challenge takes place over a 12-month period, with 14 buildings across Australia (each owned by a different property company) accepting this year's challenge.

Over the next year, Dexus will work with customers at 100 Harris Street on initiatives aimed at reducing emissions and improving wellbeing. One of the initiatives implemented early on is the planting of herbs and vegetables around the property for customers to nurture and pick to 'spice up their lunch'. Over the course of the challenge, customers will enjoy other activities including charity bake sales and recycling initiatives.

100 Harris Street is a natural fit for the challenge as it recently installed 606 rooftop solar photovoltaic (PV) panels which generate energy to power the base building services, including lobby lighting, lifts and air-conditioning. The new solar array will generate up to 250,000 kilowatt hours of energy per year. The solar panels will also contribute to a higher NABERS Energy rating, which provides independent verification of the property's sustainability credentials and enhances its appeal to carbon-conscious customers.





Lending our voice to issues affecting our cities

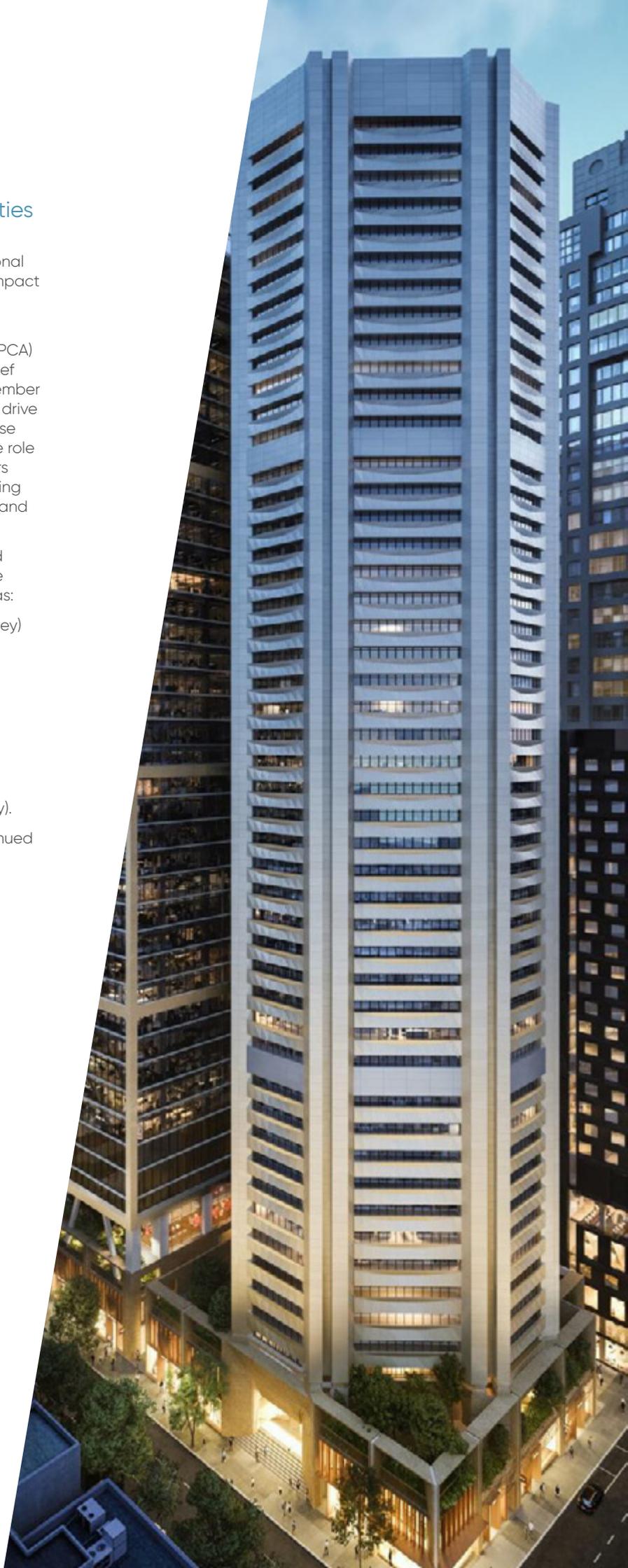
Across Dexus, passionate people contribute their time to collaborate with industry groups at both national and regional levels, contributing to public policy debate on issues that impact the future prosperity, liveability, connectivity and resilience of our cities.

We actively engage with the Property Council of Australia (PCA) through group initiatives and regular advocacy. Dexus's Chief Executive and Executive Director continued his role as a member of the Property Male Champions of Change, an initiative to drive greater gender equality in the property industry and increase the number of women in leadership roles. We take an active role in property industry advocacy, with 35 Dexus team members represented across PCA committees, roundtables and working groups contributing to discussions on topics such as social and environmental sustainability, diversity, and future directions.

Our people have also given presentations and participated on panels focused on raising the benchmark for sustainable development and corporate action on sustainability, such as:

- Operational Excellence Conference 2018 (July 2018, Sydney)
- Flexible Working Summit 2018 (December 2018, Sydney)
- Green Building Council of Australia TRANSFORM (March 2019, Sydney)
- Property Council of Australia Victoria Diversity Forum (May 2019, Melbourne)
- Property Council of Australia Future Cities Summit (May 2019, Sydney)
- Australian Energy Storage Conference (June 2019, Sydney).

Our workspace insights hub, Prism at www.dexus.com continued to engage customers, providing insights on trending topics impacting Australian workplaces. Over the past year, we published 47 articles which were viewed over 29,000 times.





Thriving People

Creating value by inspiring, engaging and developing our people

EMPLOYEE ENGAGEMENT

PROFESSIONAL DEVELOPMENT

INCLUSION AND DIVERSITY

EMPLOYEE HEALTH AND WELLBEING

BUSINESS EXCELLENCE

Our people and capabilities are central to how Dexus creates value. We focus on building and sustaining an engaged, high-performing workforce that delivers on Dexus's strategy and embraces our values.

Our Thriving People objective reflects the efforts, capabilities, and enthusiasm of our people to deliver on Dexus's strategy. Our people act as brand custodians and support sustained performance. They are passionate, agile and engaged in the purpose and direction of Dexus. Our people tell us they are inspired and motivated to create spaces where people thrive.

We understand that diversity brings broad perspectives that lead to better decision-making, and enables us to access the widest pool of available talent. Our inclusion and diversity strategy focuses on attracting and retaining the diverse workforce required to succeed in today's ever-changing business environment.

We believe that investing in the development of our people and capabilities will create meaningful, fulfilling work for our teams and support the culture required for achieving sustained results. Our leaders set the tone from the top, by focusing on inclusive leadership that brings the best out of their teams.

Another factor contributing to enhanced performance is a safe and healthy work environment. Our employee health and wellbeing programs reflect the understanding that health is a state of physical, mental and social wellbeing.

Our people constantly challenge whether there are better ways of working and are encouraged to action their ideas to achieve business excellence. We reinforce and sustain best practices when it comes to managing risk and embedding a strong risk culture. We believe our strong risk culture is a strength at Dexus, leading to better decision making and fair and ethical outcomes for customers and stakeholders.

More information on our approach to delivering our Thriving People objective is provided in our [2019 Disclosures on Management Approach](#).



By investing in our people, who in turn invest their time, energy and passion into Dexus, we are creating a culture that delivers sustained value for our investors and other stakeholders.

539

Total Dexus employees
(FY18: 448)

+40

Employee Net Promoter Score

37%

Females in senior and executive management roles
(FY18: 34%)

27%

Available roles filled by internal applicants

Delivering FY19 Thriving People commitments

Commitment	Status	FY19 Achievements
Continue to build a constructive and diverse culture and progress towards our gender diversity target of 40F:40M:20(any) by FY21.	✓	Achieved an employee Net Promoter Score of +40, demonstrating a strong workplace culture that is well regarded by Dexus's people. Made progress against the gender diversity target, achieving 37% female representation across senior and executive management roles (FY18: 34%).
Build workforce capability to deliver our strategy today and in the future.	✓	Delivered a comprehensive leadership training program, equipping leaders with the skills required to manage high-performing teams.

Key

✓ achieved → progressed

Employee engagement

Our people are passionate, agile and engaged in the purpose and direction of Dexus. Our purpose, outlined on page 2, was an initiative incubated by our people. Consultations with our employees revealed a strong desire to articulate a purpose that reflected how we work and why people come to work at Dexus. Our purpose was developed by a cross-organisation working group through a series of employee workshops, senior management discussions and input from customer-facing teams on what would resonate for our customers.

Our people told us that they come to work to drive positive change, which is why the purpose defines our people as a **passionate and agile team who want to make a difference**. Moreover, our purpose states that our people come to work to **create spaces where people thrive**, recognising how our work can shape the lives of others in and around our properties. The concept of impacting others flows through to the statement that **we create value for our customers, investors, communities and our people**. This recognises that our business depends on strong relationships with these stakeholders and the reputation that we have for impacting them positively. Finally, our purpose confirms the values that underpin our culture, being **openness and trust, empowerment and integrity**.

Insights from our people

This year, we updated the way we track employee engagement and are now using an employee Net Promoter Score (NPS), which replaces the employee engagement score as our main engagement metric. The NPS scale ranges from -100 to +100, and our latest employee NPS was +40. We have set an FY20 commitment to maintain our employee NPS at or above +40.

To support the tracking of employee NPS, we are now undertaking at least two pulse surveys annually, instead of a large employee engagement survey once every two years. Each survey tracks employee engagement through a standard set of NPS questions, and contains additional questions designed to gather employee feedback on a range of topics. In FY19 we ran three pulse surveys, which focused on:

- Inclusion, diversity and flexibility
- Change management and ways of working
- Employee wellbeing and understanding of sustainability

FY20 commitments

- Maintain employee Net Promoter Score at or above +40
- Place internal candidates in more than 20% of available roles
- Progress toward 40:40:20 gender mix in senior and executive management roles by FY21 (40% female, 40% male, 20% any gender)
- Expand rollout of inclusive leadership training to all people managers
- Maintain parental leave return rate above 80%
- Maintain recognition as an Employer of Choice for Gender Equality

Other positive insights from our FY19 pulse surveys included:

- Our people feel a strong sense of ownership in the work they deliver (88%)
- Managers do a good job of communicating the reasoning behind important changes (84%)
- Our people feel included at Dexus (86%)
- We have a culture of openness and trust (83%)

Our pulse surveys also helped us understand areas for improvement, including our change management approach, communicating employee benefits and broadening the focus on culture in induction programs. These and other insights from our pulse surveys will remain a focus into the future.

Culture

We believe our culture is a strength at Dexus, leading to better decision making and fair and ethical outcomes for customers and stakeholders. Our employee surveys also tell us that most of our people feel that management creates an environment of openness and trust. We continue to work with our people and introduce systems to reinforce and sustain best practices when it comes to managing risk and embedding a strong risk culture.

Against the backdrop of the findings of the Australian Government's Royal Commission into governance practices, we engaged an independent advisory firm specialising in risk culture to undertake a review of our risk culture and how that relates to decision making across Dexus. The review will identify future focus areas to further strengthen our culture.

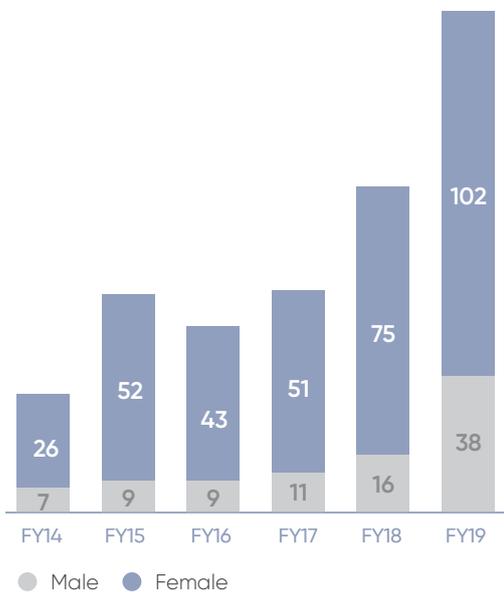
Flexibility

Dexus's All People Flex policy empowers our people to work flexibly to achieve work-life balance. 82% (81% males and 83% females) of our employees participate in either formal or informal flexible working practices. Outside the All People Flex framework, Dexus also offers flexible working arrangements for employees who require more fixed working schedules. In FY19, 36% of employees indicated that they took advantage of a formal flexible working arrangement.

Professional development

We continue to believe that investments in our people and capabilities will create meaningful workplaces for our teams and enable the right culture and behaviours to deliver sustainable results. It also helps meet our employees' expectations for growth by equipping them with the skills required to develop and advance their careers.

Formal flexible work arrangements



Investing in our current and future talent

We continue to focus on internal career planning, development and new opportunities for our people. Over the past year, we placed internal candidates in 27% of available roles. Over the course of FY19, we delivered several learning and development programs aimed at enhancing the business skills across our workforce:

- **Personal Presence** – focused on pitching and presentation skills, understanding behavioural signals, and delivering a personal value proposition to customers and key stakeholders
- **Successful Project Delivery** – focused on project management concepts, key project delivery tools and change management.

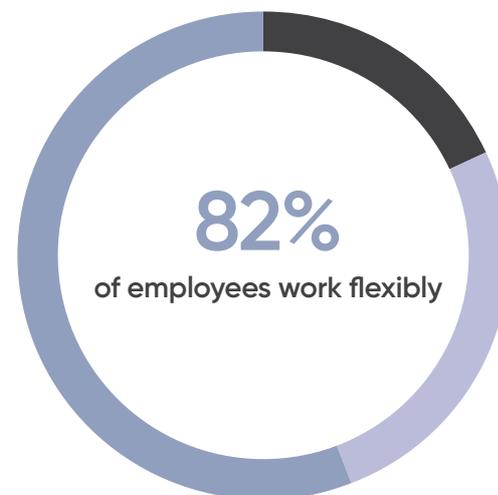
We also supported 37 employees to complete industry specific training held by the Property Council of Australia (PCA).

We recognise the value of mentoring and hands-on project work for upskilling our people. Over the past year our people served as sponsors, mentors, and mentees within the PCA's Women in Property program, designed to champion women in the property industry and provide networking and development opportunities.

To help support continuous improvement, we launched the Business Excellence Champions program, which will equip selected employees across all levels with the skills required to drive efficiency, eliminate waste, and deliver sustained value for the group into the future (explained further on page 26).

The Dexus Graduate Program offers young professionals a range of tailored opportunities across our business and enables Dexus to tap into emerging talent and fresh perspectives. In FY19 we selected five new graduates out of a broad and talented pool of applicants to join Dexus's 2019 Graduate Program.

Informal flexible working arrangements



- Work from home as required **56%**
- Flexible/non-standard working hours **26%**
- Do not use informal flexible working **18%**

Leadership and management development

Developing our leaders and people managers is crucial for setting the right tone from the top. Capable leaders and managers are able to set strategy, inspire their teams, and embed reliable performance management that supports sustained value creation.

During the year we delivered **Management Essentials** to people managers who were new to their role or new to Dexus. The program provides practical tools for day to day management practice that drives strategic direction and communicates clear expectations and outcomes. It encourages a flexible leadership style that can accelerate team effectiveness through change.

Our senior management and executive staff completed training programs appropriate to their roles. A select number of senior managers continued in the **Dexus Leadership Academy**, which focused on the role that culture, purpose and strategy plays in our organisation. The program is customised to focus on personal development areas identified through completion of a Leadership Styles Inventory (LSI). In FY20, upon completion of the Leadership Academy, participants will complete the LSI again to understand the impact of the training and potential value created for their teams and for Dexus.

Select senior management and executive team members completed training focused on leading change and supporting high performing teams. The **Leading Change** program was developed to reinforce the role of our leaders in guiding the organisation through change and to assist them to work through the complexity of change management. The Leading Change program is timely because of the increasing pace of change in our external environment, and the corresponding need for us to continuously enhance our ways of working.

Retention and succession

We know that our people are more likely to be motivated and apply their skills when we meet their expectations for growth and career opportunities. Securing opportunities for our people helps to meet these expectations and benefit the business by retaining employee knowledge and capability.

Over the past year, 27% of all available roles were filled by internal candidates. We have committed to maintaining this focus by targeting greater than 20% of available roles filled by internal applicants in FY20.

Our voluntary turnover rate was 14%, and we achieved our parental leave retention rate target with a return to work rate of 93% (target 80%).

Key retention metrics	FY18	FY19
Roles filled with internal candidates	32%	27%
Voluntary turnover rate	15%	14%
Parental leave retention rate	90%	93%

Comprehensive disclosure of employee metrics is provided in the [2019 Sustainability Data Supplement](#).



Building inclusive leadership

Dexus fosters inclusive leadership, underpinned by the understanding that diversity in backgrounds, abilities and skills can drive performance and enhance the quality of decision-making.

During the year, Dexus rolled out its Inclusive Leadership Program to members of its leadership team.

The program encouraged participants to consider the following questions when building their inclusive leadership brand:

- How can my leadership positively influence diversity and inclusion in my team and across Dexus?
- How can I maximise the potential of all my team members?
- How do I leverage diversity to drive business growth and build deep customer relationships?

To answer these questions, the program helped participants understand the link between inclusiveness, psychological safety, innovation and business growth.

It aimed to build the confidence and capabilities of Dexus's leaders to role model inclusive leadership values, processes and behaviours in team management and hiring decisions.

To help integrate the program into their day-to-day activities, participating leaders developed an inclusive leadership action plan and were provided with coaching to assist with execution.

Inclusion and Diversity

Our focus on inclusion and diversity is a critical component of our strategic objective of Thriving People. This year, we published a new, Board-approved, [Inclusion and Diversity Policy](#) that reinforces our commitment by specifying how we foster inclusion and diversity on the Dexus Board and throughout our organisation.

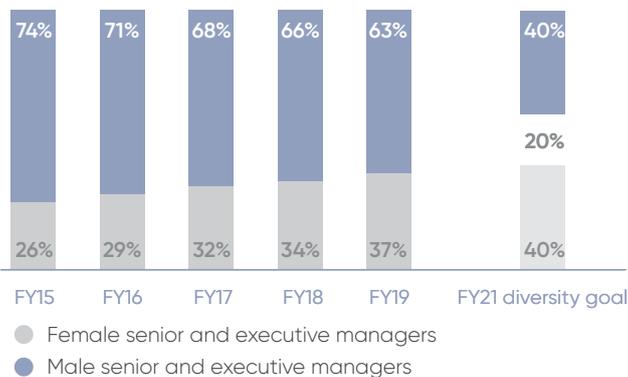
Gender diversity



Over the past year, we continued our focus on gender equality, earning an Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency for the second consecutive year.

We made progress towards our gender diversity target of 40% female representation in senior and executive management roles by 2021, with 37% female representation at these levels at 30 June 2019 (up from 34% at 30 June 2018).

More broadly, our people continued to participate in the PCA's Women in Property program described on page 22. We also participated in the Girls in Property initiative to raise awareness among high school students about career paths in the property industry and encourage greater female participation. We ensured equal representation of Dexus males and females across PCA committees.



We also participated in several initiatives over the year to show our support for gender equality and raise awareness of gender-based issues. In November 2018, we supported the **UN Women National Committee Australia** campaign (branded as UNiTE) to raise awareness of gender-based violence, with activations in the foyers of our offices across Australia. During **International Women's Day**, we asked our people to make pledges to work towards gender equality by building a safe, healthy and diverse workplace as part of the #balanceforbetter campaign.

Inclusion and diversity beyond gender

Over the past year we supported our broader diversity efforts by learning more about the demographic makeup of our people. We found that 22% of our people identify primarily with a culture other than Australian, and that 21% were born overseas. We remain focused on supporting the cultural inclusion of our workforce and other demographics that reflect our customers and communities.

In FY19 we addressed cultural inclusion through:

- Partnering with CareerTrackers to provide internship opportunities for Indigenous Australians
- Declaring our commitment to the Veterans Employment Commitment to support and progress Australian veterans returning to the workforce
- Celebrating National Aborigines and Islanders Day Observance Committee (NAIDOC) Week and incorporating Indigenous protocols at key events
- Celebrating Harmony Day at our corporate offices to recognise diversity and inclusion across our workforce

Our employee surveys found that the vast majority of our LGBTI+ employees feel included at work. Over the past year we sought to further our efforts by joining Pride in Diversity to access best practice expertise regarding LGBTI+ inclusion. We intend to benchmark our efforts in this space by making a submission to the Australian Workplace Equality Index in 2020.

Refer to our Sustainability Data Supplement for additional breakdowns of diversity across our workforce.

Employee health and wellbeing

Our FY19 Group Scorecard targeted health and safety as a priority through a commitment to maintain a safety culture across our business. Our goal is a 'no harm', safe work environment with zero fatalities, and in FY19 we recorded zero fatalities and no lost time injuries.

Throughout the year we continued to successfully implement our work health and safety system, which is certified under OHSAS 18001.

Led by our Work Health Safety and Environment Committee, Dexus achieved an average safety audit score of 98% across our corporate and management workspaces. We also continued our regular employee Safety Awards to recognise employees that demonstrate a commitment to safety.

Enhancing employee wellbeing

We have an opportunity to provide a workplace that enhances physical health and mental wellbeing for the benefit of our individual employees and Dexus more broadly. A healthy and flourishing workforce is more motivated and engaged, takes fewer days off work and is more capable of sustaining performance in the long term.

A cornerstone of our approach to employee health and wellbeing is Wellbeing Month, which was held in May 2019. During Wellbeing Month, we connect our people across Australia through our Wellbeing Communities with a range of offerings to enhance their mental, physical, social and financial wellbeing.

1. LGBTI+ stands for lesbian, gay, bisexual, transgender and intersex, with the '+' intended to encapsulate the total diversity of sexual orientations and gender identities.

Our approach to employee health and wellbeing extends beyond Wellbeing Month through the ongoing activities of our wellbeing communities: **Give**, **Grow** and **Thrive**.

Key activities of our Give wellbeing community in FY19 included:



- Hosting Biggest Morning Tea events in our offices across Australia, raising funds for Cancer Council
- Arranging monthly blood donations through Bloodbank
- Hosting a Dexus bake-off event to support an executive's fundraising efforts for OzHarvest's CEO Cookoff

Key activities of our Grow wellbeing community in FY19 included:



- First Aid Training made available to any employees, not just to appointed first aid officers
- Inviting all of our benefits partners and members of our People and Communities team to a Benefits Expo to communicate the benefits available to our people

Key activities of our Thrive wellbeing community in FY19 included:



- Organising a program of mindfulness sessions over eight weeks, covering topics such as high-performance habits, coping with stress, and emotional agility and longevity
- Delivering our annual whole-of-company conference which brought together over 430 employees to celebrate the year with their colleagues



Recognising our safety superstars

Dexus employee safety awards are presented monthly to employees who have acted as a shining example of Dexus's commitment to workplace health and safety.

One of the standout recipients in FY19 was Dexus Operations Manager, Dan McLindon.

Dan was recognised with a safety award for going beyond expectations to make sure that contractors are aware of Dexus's policy requirements. He has championed a collaborative approach, featuring training sessions and informational meetings with centre staff, supervisors and security.

When asked to provide advice and tips for the rest of the business, Dan emphasised the learning opportunities that come from a safety focus: "You can always learn something new, and in retail I have learnt that every day and every situation is different. We have to adapt and continually learn."

Other safety awards given during the year recognised employees who ensured a safe and positive visitor experience, as well as employees who lent a helping hand to those in need in their local communities.

Creating a workplace where our people thrive – Wellbeing Month

As part of a commitment to creating spaces where people thrive, Dexus designed a suite of benefits and programs focused on enhancing employee wellbeing. A highlight of Dexus's offering included Wellbeing Month, which featured a range of activities designed to enhance physical and mental health.

Wellbeing Month was held in May 2019 across Dexus offices around the country. Activities were organised by Dexus's Thrive, Grow and Give Communities and supported by weekly social events aimed at promoting a positive workplace culture.

The month attracted high participation rates in activities including:

- 201 flu vaccines
- 73 skin cancer checks
- 164 massages
- 38 posture checks
- 65 employees participating in mindfulness training
- 18 employees completing first aid training

Dexus's commitment to employee health and wellbeing extends beyond the activities of Wellbeing Month, with a variety of ongoing initiatives available including:

- a monthly Wellbeing subsidy to put towards wellbeing activities such as gym memberships, massages or hobbies
- Dexus Days – five additional days of annual leave intended to help balance work and life
- Onsite health and fitness classes – a range of boot camps, yoga and Pilates classes
- Discounted membership to gyms, nutritional programs and health consultations

Dexus understands the importance of supporting health and wellbeing for our people and how it translates to performance and will continue to invest in programs that bring out the best in our people.

Building business excellence

We ensure our people are supported by effective processes and systems so they can do their best work and are empowered to make continuous improvements to their day-to-day activities. Supported by our Business Excellence team, our people made many enhancements to our ways of working in FY19, including:

- Organising and standardising how business outcomes are achieved, clarifying expectations and roles via establishment of The Hive, a best practice repository containing over 600 standard operating procedures
- Increasing performance and quality through implementing over 30 improvements submitted to our ideas and innovation repository, The Funnel, delivering capacity savings estimated at 24 hours per week
- Supporting innovation and bringing ideas to reality through launching the Slingshot innovation forum, which defined an innovation toolkit and funded five ideas for concept development and trial
- Enhancing risk mitigation and controls by identifying 13 process champions and coaching them to map over 70 processes
- Better understanding customer pain points and prioritising improvement efforts by defining customer journey maps

A key focus of the Business Excellence team is ensuring that business problem solving and continuous improvement skills are disseminated throughout the business. In FY19, over 100 employees were trained in business improvement and project management. We also launched our Business Excellence Champions program which involves equipping select staff with a deeper understanding of business problem solving skills.



be business excellence

Dexus Business Excellence Champions program

In order for Dexus to stay ahead of the curve in today's fast-changing environment, its people need to continuously assess business operations and be empowered to implement enhancements that they identify.

Dexus designed the Business Excellence Champions program to equip select staff with the skills necessary to lead change across the business. A select number of employees are taking part in the first wave of the program, which will run through to October 2019.

The Dexus Business Excellence Champions program borrows from Lean Six Sigma principles and involves project teams tackling real-world challenges that the business is facing. Some of the challenges under consideration include optimising information access, improving forecasting processes, and enhancing internal data validation procedures.

The method underlying the program encourages teams to clearly define the business problem, understand customers' expectations and drive solutions to solve for root cause.

Dexus will have the new Dexus Business Excellence Champions embedded throughout the business by the end of 2019, helping to solidify a culture of constructive challenge and continuous improvement.



Future Enabled Customers and Strong Communities

Building constructive, enduring relationships with our customers, communities and suppliers to create value

CUSTOMER EXPERIENCE

COMMUNITY CONTRIBUTION

SUPPLY CHAIN MANAGEMENT

Dexus's capacity to create value depends on how well we support customer success, the strength of local communities and the capabilities of our suppliers.

Our Future Enabled Customers and Strong Communities objective recognises the importance of building mutually beneficial partnerships with our customers, communities and suppliers.

We understand the influence of high-performing workspaces on employee productivity and business success. We focus on maintaining high levels of customer satisfaction by listening to our customers and understanding their needs. We aim to meet these needs by providing advanced products and services that enable our customers to succeed today and into the future.

The relationships we build with local communities are critical, as these communities visit our properties and deliver the activity and vibrancy that makes them leading destinations. We support our retail centres to act as community hubs, providing the gathering space essential for community cohesion and wellbeing.

Our success would not be possible without the support of our many suppliers, including groups such as operational contractors, construction workers, and providers of office equipment. We partner with our suppliers to achieve operational efficiencies, enhance customer amenity and deliver strong sustainability performance. We prioritise worker health and safety and assist our suppliers to manage more complex risks in our supply chain.

More information on our approach to customer engagement and experience, community contribution, and supply chain management is provided in our [2019 Disclosures on Management Approach](#).



Our objective is to deliver the best customer experience in Australian real estate.

+46

Customer Net Promoter Score

(FY18: +32)

>4,700

customers

>\$1.2m

value of community contribution

>\$550m

spent with operational suppliers



Future Enabled Customers and Strong Communities

Delivering FY19 Future Enabled Customers commitments

Commitment	Status	FY19 Achievements
Expand our customer offering to include products and services that enable our customers to respond to the dynamically evolving workplace.	✓	Increased the availability of the Divvy parking solution and expanded the reach of Dexus building portals to over 53,000 users (FY18: >35,000).
Extend partnerships with 25 wellness providers within Wellplace, which customers of all sizes can access.	✓	Extended the Wellplace offering to include 28 wellness partnerships, providing our customers the opportunity to offer their employees valued health and wellbeing services.
Deploy more than 15 smart technologies within the 100 Mount Street, North Sydney development to deliver a better customer experience, optimise workforce productivity and wellbeing and improve the property's sustainability performance.	✓	Implemented 24 smart technologies at 100 Mount Street, North Sydney, with 14 operational at 30 June 2019 and the remainder to be operational in FY20.

Key

✓ achieved → progressed

Customer engagement and experience

We know that our customers are more likely to be satisfied when we listen to their concerns and address their needs. We design workspaces with customer productivity in mind, and offer a range of supporting products and services curated to lift the performance and wellbeing of our diverse customer base.

Office and industrial portfolios

We completed our annual customer survey in June 2019 to collect feedback and insights for enhancing the customer experience across our office and industrial portfolios. Our customer Net Promoter Score (NPS) increased to +46, and our overall satisfaction score remained above target at 8.6/10 (target 8.0/10). We were pleased to see that 50% of respondents said they were 'highly likely' to renew their lease (up from 43% in 2018 and 28% in 2013).

We are proud of the strong increase in our customer NPS, and have revised our target to maintain customer NPS at +40 or higher in FY20. Based on the survey results, this increase can be attributed to:

- Enhancing our partnerships with external property management service providers to provide consistency across customer touchpoints
- Reducing operational issues by improving Dexus Response Centre (DRC) and lease administration processes, and leveraging DRC data to drive better resolutions of issues and requests
- Executing action plans for each property management team based on feedback about what our customers need and when they need it.

FY20 commitments

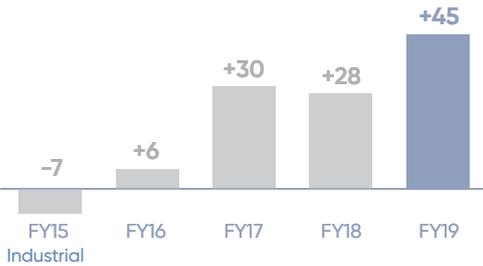
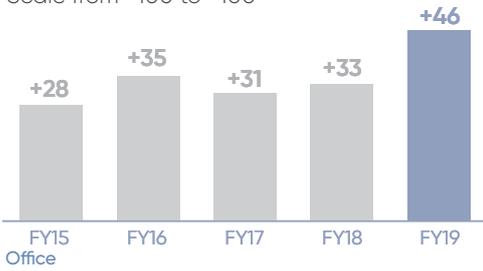
- Maintain a customer Net Promoter Score above +40
- Maintain a customer satisfaction score above 8 out of 10
- Implement a new workplace consulting offer to help our customers to leverage their premises for business success
- Strengthen customer communities through a program of activations within the foyers of our office properties



Future Enabled Customers and Strong Communities

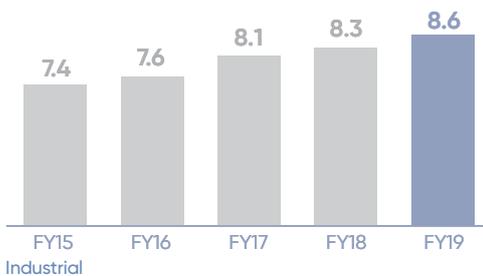
Net Promoter Score (NPS)

Scale from -100 to +100



Customer satisfaction

Scale from 1 to 10



Retail portfolio

In FY19 we completed a survey¹ of retailers across our retail portfolio for the first time. The results were generally positive, with an overall retailer NPS of +28 and a 79% satisfaction with centre management teams. Retailers told us that they are pleased with centre presentation and that their centres are nice environments for them to work in.

Some issues mentioned by retailers related to day-to-day operations as well as themes such as security. These issues are an ongoing focus for our business, such as our partnerships with local authorities and youth organisations designed to mitigate safety risks at our centres. Our retailers identified an opportunity for more centre-driven community events, which aligns well with our existing strategy to leverage our centres as forms of community contribution. For more information on our community contribution refer to page 31.

1. The survey was delivered across ten shopping centres: Beenleigh, Shepparton, QV, Galleria, Tweed, Smithfield, Deepwater, Willows, Plumpton, and Gateway. Carillon and Eagle Street Pier were not included because they were under development at the time of the survey.

Enhancing customer satisfaction through partner alignment

Over the past year we also enhanced how we collaborate with our portfolio-wide external service providers, CBRE (for facilities management) and Equiem (for concierge and customer experience). We understand that consistency in service delivery leads to stronger customer outcomes. To enhance consistency across our portfolio, we delivered training across Dexus, Equiem, and CBRE property management teams that focused on the Dexus customer promise and its application. Property teams were briefed on prior years' customer survey feedback and developed action plans for enhancing customer experience. We also delivered Dexus induction training for new starters at CBRE and Equiem who were assigned to our portfolio. The results of the FY19 customer survey indicate that service delivery has improved, evidenced by the increase of customer satisfaction with property management to 8.6/10 (up from 8.3/10 in FY18).



+28

Portfolio Retailer
Net Promoter Score

79%

satisfaction with
retail centre
management
teams



Future Enabled Customers and Strong Communities

The Dexus experience

This year we evolved the Dexus experience (refer to page 57, [2019 Annual Report](#)) our suite of customer benefits which includes access to a range of products and services designed to make our customers' work lives easier, healthier and more enjoyable. Our offering recognises the power of buildings to positively impact the lives of people, and that we have a role to play in helping people interact more authentically, collaborate more constructively, perform better and be more fulfilled. The Dexus experience is an important contributor to customer satisfaction, demonstrated by the annual customer survey feedback on how customers are using features such as end-of-trip facilities and enjoying offerings such as Wellplace.

Building on the momentum of customer satisfaction with our offering, we expanded the availability of popular services such as Divvy. We have also increased customer use of our building portals to over 53,000 users (>35,000 in FY18), which help to engage building communities and develop customer awareness of the Dexus experience.

In FY19 we extended our Wellplace offering to include 28 wellness partners. These partners provide our customers with easy and discounted access to fitness memberships, physiotherapy appointments, and nutritional programs.

Our customer experience offering helped earn Dexus 43rd position on the 2018 Australian Financial Review's Most Innovative Companies List. Other factors contributing to Dexus's innovation recognition include our customer-centric and research-led approach, incorporating feedback from customers, employees and the broader market.

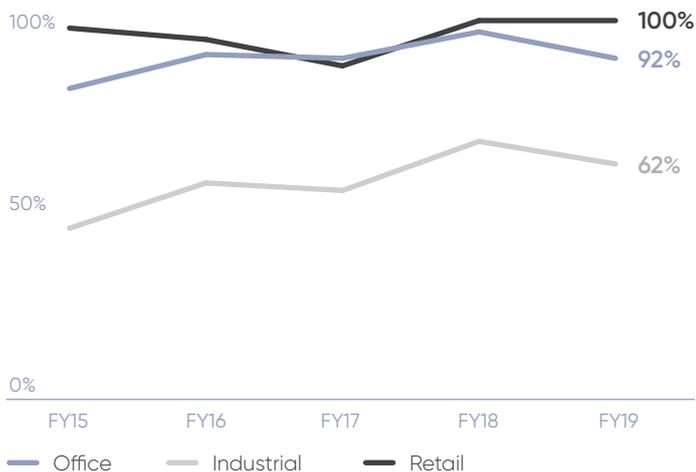
Engaging our customers on sustainability

We launched a new sustainability page on each of our building portals, aligning with both our customer promise and our Sustainability Approach objective of Enriched Environment. The sustainability pages encourage customer uptake of sustainability practices by highlighting initiatives to minimise waste and increasing awareness of customer sustainability objectives.

We work closely with customers to improve their sustainability awareness and performance. We have embedded 'green leasing' within our precedent lease and encourage customers to collaborate with us on integrating sustainability within their properties.

In FY19, 90% of new customer leases included a green lease clause.

Green lease take up across new leases



Launching our smart building blueprint

Technology is changing the way our customers work, and we continue to advance the infrastructure and services across our portfolio to meet their evolving needs. We aim to provide flexible, future-proofed workspaces that meet productivity needs and minimise hassle.

Over the past year, we launched our smart building blueprint at 100 Mount Street, North Sydney, where we have implemented a suite of technologies designed to deliver a better customer experience, optimise workforce productivity and wellbeing, and enhance the property's sustainability performance.

100 Mount includes over 20 smart technologies selected to optimise the customer experience, such as:

- Occupancy sensors to deliver operational efficiencies for cleaning, climate control, elevators, and meeting rooms, as well as enhancing security and safety
- Availability (on an opt-in basis) of touchless fingerprint readers, eliminating the need for individual access cards
- Enhanced visitor management through enabling mobile invitations and access cards that eliminate the need to check in with property concierge
- Network as a Service technology solutions that enable customers to opt-in to the specific technology requirements that they need for their business

The next evolution of our customer offering

Across our customer community, we provide products and services to satisfy a strong desire to improve their workforce engagement and productivity. To further entrench our unique customer offer, we have acquired the Australian operations of Six Ideas, a strategic workplace and change management consulting service.

Six Ideas by Dexus will utilise expertise to tackle complex problems arising from continual change around the way we work. Senior practitioners with international experience will work alongside our customers to create environments that support organisational and cultural innovation, while maximising the potential of change events.

This service complements our in-house Project Delivery Group which provides project management and capital works delivery for office fit-outs.

We are now able to provide an end-to-end service that will help our customers to leverage their premises for business success.

Future Enabled Customers and Strong Communities



Future Enabled Customers and Strong Communities

Delivering FY19 Strong Communities commitments

Commitment	Status	FY19 Achievements
Collaborate with a community partner to provide a holistic approach to creating healthy, enriched and productive customers and building communities	✓	Established a partnership with the Cancer Council to provide our building communities simple and easy access to resources, support services, research and volunteer opportunities that support customers' health and wellbeing.
Streamline our community fundraising approach, providing our customers the opportunity to input into the allocation of funds raised	✓	Offered customers the opportunity to choose a charity to receive funds raised across the office community. Charities are supported across key pillars of children's hospitals, health, animals, the homeless and the environment.

Key

✓ achieved → progressed



Big Change for Small Change

For the second consecutive year, Dexus has raised funds for children's hospitals around Australia, through a national community campaign hosted across its retail centres, this year raising \$51,000.

Throughout August 2018, ten Dexus shopping centres nationally hosted a one-day community event that collected a gold coin donation upon entry to the centre. All funds raised within the centres were donated to the local hospital in their trade area to support a range of paediatric service and children's health care initiatives, such as the revitalisation of a children's garden at Mount Druitt Hospital, New South Wales through to the purchase of new medical equipment for the children's ward at GV Health Hospital, Shepparton, Victoria.

FY20 commitments

- Support the communities in which we operate through contributions valued at more than \$1,000,000
- Expand industry partnership initiatives that actively promote Science, Technology, Engineering and Mathematics (STEM) to girls
- Identify a new community partnership aligned to the interests of our people and customers

Community contribution

We continue to support the communities in which we operate. In FY19 we contributed over \$1.2 million to the community through employee volunteering programs, in-kind support and corporate donations.



- In kind support **66%**
- Direct and indirect corporate donations **22%**
- Employee volunteering activities **12%**



Future Enabled Customers and Strong Communities

Leveraging our retail portfolio for social impact

Our enduring support for local causes helps Dexus build strong bonds with the communities where we operate. The importance of our relationships with local communities is especially strong across our retail portfolio, where the success of our retail centres is strongly linked with the prosperity and wellbeing of their local communities.

Over the course of FY19, our retail portfolio contributed over \$600,000 in the form of charitable donations, partnerships, sponsorships, volunteering and provision of space. Our landmark community donations program, Big Change for Small Change, raised over \$51,000 for children's hospitals through events across ten Dexus shopping centres.

Our retail centres also play a role in community cohesion and resilience, above and beyond providing vital services and acting as community hubs. In January 2019, Willows Shopping Centre in Townsville stepped in to support the Townsville flood recovery effort.

Evolving our approach for social impact through our retail centres

Based on learnings from portfolio-wide initiatives such as Big Change for Small Change, we are implementing a new approach to community contribution at our retail centres. From FY20, our retail centre teams will align their community contribution efforts with local partnerships that satisfy a critical need for their local customer base.

Centre teams have enthusiastically initiated their local campaigns for the year to come, all aligned under the collective banner of Don't Go Without, which encourages our teams to ask:

- Which groups within our respective communities are most in need?
- Where can we make a visible difference?

Examples of campaigns to feature this coming year include:

- Targeting homelessness at our Melbourne city retail centres, through charity partner 300 Blankets
- Targeting domestic violence at Willows Shopping Centre in Townsville, through charity partner The Women's Centre
- Helping women returning to work at Carillon City in Perth, through charity partner Dress for Success
- Targeting food insecurity at Deepwater Plaza on Sydney's Central Coast, through charity partner Mary Mac's Place
- Targeting youth mental health at Smithfield Shopping Centre, through charity partner Smithfield State High School.

We look forward to reporting on how this locally-driven approach will inspire our people and our retailers to come together and deliver positive social impact through our retail centres across Australia.



Willows steps in to help Townsville flood recovery

Willows Shopping Centre (Willows) was pivotal in the flood recovery operation in Townsville, bolstering community resilience and strengthening engagement with retailers and customers at the retail centre.

In late January 2019, a one in 500 hundred-year monsoon caused catastrophic flooding in Townsville, resulting in the city remaining at a stand still for a two-week period.

Located in the heart of Townsville, Willows continued to trade throughout the period on all days except one, maintaining continuity of access to services and products required by the community during this difficult time.

Retailer engagement was paramount throughout the flooding and recovery, with the Centre Management team engaging in twice-daily direct conversations with major tenants and providing updates to retailers and other key stakeholders every few hours. Willows digital channels provided customers with vital information on available food stocks and retailer opening hours.

In conjunction with Townsville City Council and Townsville Enterprise, Willows pledged \$10,000 worth of centre gift cards to GIVIT's Queensland Flood Appeal.

Dexus-managed retail centres serve as important hubs in their communities. The contribution of Willows to the flood recovery effort demonstrated how the centre and its management can support community resilience.

Reward Your Local School

Throughout May 2019, Beenleigh Marketplace, Queensland ran a community campaign designed to support local schools.

Shoppers were invited to shop and support the local school of their choice, and the school with the most votes received the highest cash grant.

The six participating schools all received a share in the \$6,000 worth of cash grants. Schools used the donations to purchase resources including books, digital assets and sporting equipment.

Rewarding local schools is a great way for Dexus's locally-managed shopping centres to build stronger community connections.



Future Enabled Customers and Strong Communities

Delivering community impact across Dexus operations

During the year we extended our impact by supporting charities and community groups through volunteering, monetary donations, and providing Dexus spaces for activations. Our strategy for community contribution encourages us to support the issues that matter most to our local communities, including:

- Supporting children's health through a major partnership with Sydney Children's Hospital, where we support training and fellowship programs in addition to regular fundraising drives such as our Christmas auction
- Combating cancer through a \$200,000 agreement with the Cancer Council allowing them the use of our assets and through the celebration of Cancer Council fundraising efforts at our offices (Daffodil Day, Australia's Biggest Morning Tea)
- Raising awareness of homelessness through the Property Industry Foundation's StreetSLEEP campaign, where we hosted a cohort of volunteers who raised funds by sleeping rough at 130 Harris Street
- Eliminating hunger through employee food donations to Foodbank during Wellbeing Month, and through customer food donations in Brisbane for the "12 Days of Christmas Foodbank Can Drive"
- Fighting food waste through the provision of OzHarvest juice machines in our properties, offering freshly made orange juice from oranges that would have otherwise been discarded
- Rehousing rescued pets through RSPCA, who visited the lobbies of our office properties with pets ready to find their new forever homes.

In August 2018 we celebrated our annual **Dexus Diamond Week**, with employees across the country lending a hand to sell raffle tickets for our main charity, the Sydney Children's Hospital Foundation, or spending time supporting community groups and charities of their choice.

Over 50 of our employees volunteered to sell raffle tickets in our office lobbies, raising thousands for the Sydney Children's Hospital Foundation. Funds raised went towards the Foundation's Fellowship Program which is crucial to the development and success of children's medical care.

Furthermore, select staff who had worked on whole-of-company initiatives such as Program One and our Wellbeing Communities were rewarded with tickets to the Sydney Children's Hospital Foundation premier fundraising Diamond Event. Dexus was a major partner of the event, contributing to the \$750,000 total funds raised on the evening.

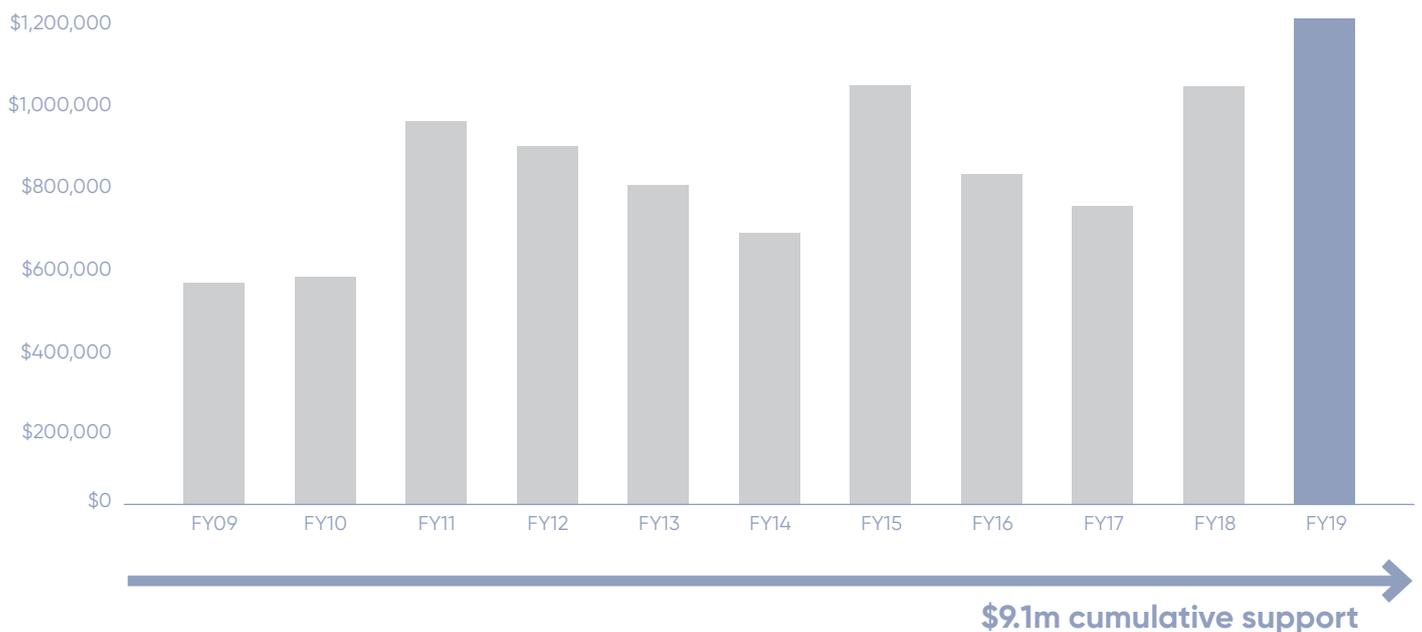
Employee volunteering

Each year we enable our people to support local communities and causes through the provision of one day's paid volunteering leave.

In FY19 our people volunteered a total of 1,711 hours using Dexus volunteering leave to support causes of their choosing. A standout event was a Landcare activity where our people worked with the Friends of Lane Cove National Park to hand weed, plant, and mulch the Tunk's Hill area of the park.

Community investment statistics

Dexus community contribution since FY09





Future Enabled Customers and Strong Communities

Leveraging our portfolio for STEM education

An industry partnership initiative that actively promoted Science, Technology, Engineering and Mathematics (STEM) to girls through experiencing a live build at Dexus's 100 Mount Street, North Sydney (100 Mount) has encouraged girls to consider a career in property.

STEM industries are vital to Australia's economic growth however women are significantly under-represented in STEM education, comprising just 16% of those with STEM qualifications.

STEM+ is a partnership initiative of Dexus, 100 Mount's builder Laing O'Rourke, and project delivery partners Rider Levett Bucknall and Savills. The program immersed students from the local girls' secondary school, Monte Sant' Angelo Mercy College into the construction and engineering industry.

The program's modules aligned with the construction of 100 Mount, a premium office tower that was completed in May 2019. The modules included content such as innovative technologies and sustainability in construction, involving onsite participation and engagement throughout the year via Google Classroom.

More than 60 girls across years 8 to 12 participated in the two-year program, involving direct interactions with the industry partners. Students were provided key insights into STEM careers that were not typical science-based careers including digital engineering, construction, research and development, law, quantity surveying, commerce, property management, human resources and marketing.

As a result of the program, there were fundamental changes to the students' school subject selections and university pathways, with 25% of 2018 graduates pursuing science related careers. STEM+ demonstrates Dexus's commitment to leverage its development projects for social impact, with students realising a pathway into an industry that they never thought was possible.

STEM+ students have been offered work experience places with Dexus and Laing O'Rourke. They have the opportunity to continue to participate in the program throughout their tertiary studies and a graduate position will also be offered.

"This program has had a palpable, culture shift with regards to women in the construction and property industry – when they could see it, they could be it."

*Nicole Christensen,
Principal of Monte Sant' Angelo Mercy*



This program has had a palpable, culture shift with regards to women in the construction and property industry – when they could see it, they could be it.



Future Enabled Customers and Strong Communities

Supply chain management

Delivering FY19 Supply Chain commitments

Commitment	Status	FY19 Achievements
Collaborate on an industry-wide approach to assessing supply chain sustainability, and conduct due diligence in alignment with modern slavery reporting requirements	→	Developed a supply chain due diligence tool to enhance the identification and assessment of modern slavery risks in partnership with 14 members of the Property Council of Australia, (PCA).

Key

✓ achieved → progressed

Our capacity to create value depends on strong working relationships with capable suppliers of products and services. Our supply chain also extends our economic impact, through our procurement spend and associated job creation. Over the course of FY19, we spent over \$550 million on operational procurement, with the largest non-statutory expenditures associated with cleaning, energy and capital works at our properties. Refer to the [2019 Sustainability Data Supplement](#) for a further breakdown of our spend by supplier category.

Procurement overview

We aspire to maintain an efficient procurement process operating under sound governance that achieves the best value for money and delivers on our financial and sustainability objectives. In FY19 we reviewed our security service providers across our office and industrial portfolios. Through a new tender process, we engaged a single service provider with a view to achieve a consistent service across the country focused on delivery of customer satisfaction and strong technical capability. Other highlights included focusing on customer safety by partnering with a fire services training company to deliver fire warden training to customers across our office and industrial properties.

Managing energy costs and emissions

Energy procurement is a priority because of our objectives to manage energy costs and achieve our group target of net zero emissions by 2030. We continued our progressive electricity purchasing structure for NSW, ACT and Victorian properties, to provide flexibility in timing of electricity purchases and access favourable market pricing. The progressive purchasing structure enables us to capitalise on opportunities to add value through active management of costs that are essential to portfolio function.

During the year we also secured a unique supply-linked off-site renewable Energy Supply Agreement (ESA) that provides Dexus with electricity at attractive rates, delivers long-term supply security, and reduces exposure to price volatility especially for our NSW properties. For more information on the ESA refer to page 40.

FY20 commitments

- Implement the PCA's modern slavery due diligence tool and target engagement on modern slavery with at least 100 suppliers



Supplier engagement

We engage with our suppliers to track performance and encourage best practice approaches to employment practices, social outcomes and environmental objectives. Throughout FY19 we continued to engage with suppliers via regular meetings and reporting and conducted over 1,100 inspections or spot checks to review service delivery, monitor performance against contract deliverables and key performance indicators.

Procurement and supply chain monitoring	FY16	FY17	FY18	FY19
Critical suppliers ¹	131	113	111	96
Critical suppliers % of operational spend (%)	37	42	45	38
Supplier Net Promoter Score	-	-	+67	+66
Supplier assessment and monitoring				
Supplier engagement assessment response rate (%)	-	38	35	68
Assessment coverage of operational spend (%)	19	14	26	38
Contractor monitoring spot checks conducted	44	919	1,190	1,163
Contractor monitoring coverage of operational spend (%)	13	36	39	41

1. Dexus defines a critical supplier as one whose services are required daily for the normal operation of a property. Critical suppliers are retained on a centralised Preferred Supplier List.

During the year we engaged our key suppliers with a sustainability self-assessment that asked for feedback on their relationship with Dexus as well as information on their approach to modern slavery, such as:

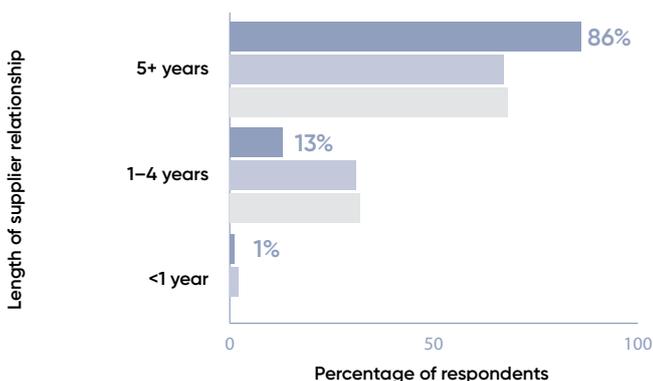
- Whether they are obligated to report on modern slavery under the *Modern Slavery Act 2018*
- Whether they maintain policies and procedures to uphold human rights
- How well they understand their supply chain
- Their exposure to known risk areas such as the use of migrant or casual workers and the sourcing of materials from countries with poor human rights records

Our relationship with suppliers

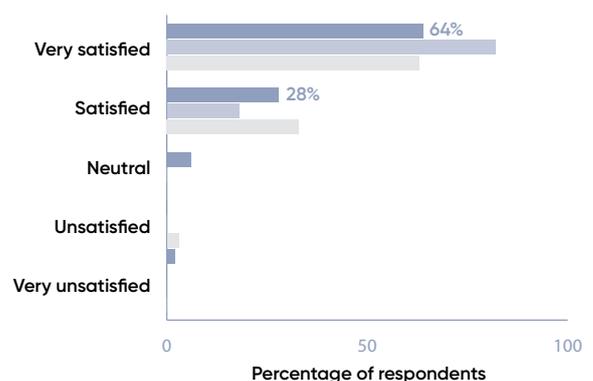
We seek to form close, long-lasting relationships with suppliers who have proven track records to drive efficiency and consistency across our portfolio. Our supplier assessment revealed that 86% of respondents have been suppliers to Dexus for more than five years. These long-term relationships help align our business interests and present a greater opportunity for us to embed our Sustainability Approach with suppliers.

Supplier satisfaction with Dexus remains high, with 92% of respondents indicating they are 'satisfied' or 'very satisfied' with their relationship with us. Our suppliers told us they enjoy good working relationships with Dexus personnel defined by strong communication and continuous dialogue. They mentioned that Dexus approaches business in a more efficient and trustworthy way compared with peers. Areas of improvement mentioned by our suppliers include the cost and time associated with payment arrangements as well as ensuring continuity of relationships at times when we initiate changes to the way we operate.

Length of supplier relationship



Supplier satisfaction rating of our relationship



● 2019 survey ● 2018 survey ● 2017 survey

● 2019 survey ● 2018 survey ● 2017 survey



Future Enabled Customers and Strong Communities

Readiness for the Australian Modern Slavery Act

During the year, the Australian Government passed the *Modern Slavery Act 2018* (the Act), which subsequently came into effect on 1 January 2019. Together with other businesses generating over \$100 million in revenue, Dexus will be required to publish a modern slavery statement to disclose

- modern slavery risks present in our operations and supply chain,
- actions undertaken to address these risks, and
- how we are assessing the effectiveness of our actions.

Our first modern slavery statement prepared under the Act is required to be published after the close of FY20, and no later than December 2020.

For several years, we have worked to understand the risk of human rights impacts, including modern slavery, in our supply chain. In FY19 we updated our Human Rights Policy to confirm our intent to uphold internationally-recognised human rights in our operations and our supply chain, and to provide further information on how we implement our approach. We also became a signatory to the United Nations Global Compact to further signal our commitment to responsible business practices (for more information on our commitment to the UN Global Compact, see page 11).

Understanding modern slavery risk across our supply chain

In our 2019 supplier sustainability self-assessment, we asked our suppliers to provide information on their understanding of modern slavery and their approach to addressing modern slavery risk in their operations and their supply chains. Almost three-quarters of respondents (73%) have at least a general understanding of modern slavery risk in their supply chain, with one-quarter of respondents having completed an internal or third-party risk assessment. Over one-quarter of respondents (29%) are obligated under either Australian or New South Wales legislation to provide their own public reporting on modern slavery.

Nearly half of respondents (48%) had commenced mapping their supply chain, and generally considered that modern slavery was more likely to occur in international supply chains rather than in Australian supply chains or in their own operations. We identified through the assessment that pockets of our supply chain have a high dependence on types of labour with elevated risk factors for modern slavery. For example, 22% of respondents indicated that at least half of their workforce consisted of contract workers.

The assessment also asked for information on our suppliers' 'country of origin' and identified a minor number of suppliers that have disclosed that they operate in, or that procure products and services, from countries with poor human rights policies or track record.

Collaborating with our suppliers on modern slavery

Our supplier sustainability self-assessment is one of several ways in which we are working with our suppliers to address modern slavery risk. During the year, our internal modern slavery working group (introduced on page 11) reviewed our approach to addressing human rights risk in our supply chain and maintained workstreams focused on engaging with operational, development and corporate suppliers.

Our focus on operational and development suppliers has involved reviewing contractual documentation and returnable schedules to ensure our commitment to addressing modern slavery is clearly articulated. We reviewed supplier evaluation criteria and our approach to monitoring suppliers during our engagement with them.

Our focus with corporate suppliers has been to enhance our mapping of our corporate supply chain to identify potential areas of elevated risk. Several of our largest corporate suppliers are either obligated to report under the Act or have been reporting on modern slavery for several years under similar legislation in other countries where they operate. We have met with these corporate suppliers to understand the modern slavery issues they have identified in their supply chains and build collaborations to support our reporting obligations.

The [2019 Disclosures on Management Approach](#) contain further detail on our approach to supply chain management, including our approach to assessing human rights and modern slavery risk.

Enhancing due diligence with an industry approach

Since early 2018, Dexus has been one of 15 members of the PCA who have been working together on a common modern slavery due diligence questionnaire for our suppliers. A common approach will reduce the reporting burden on our suppliers and reduce compliance costs for Dexus and other pilot organisations.

During the year, we continued to work with our peers to refine the due diligence questionnaire and prepare for implementation. The questionnaire is expected to be implemented in early FY20, and we will request our suppliers to use the questionnaire to provide us with information on their labour management practices. Other focus areas in FY20 include providing training to our employees about modern slavery as well as enhancing our communications within our properties to provide awareness for potentially impacted individuals to raise concerns through a whistleblowing hotline and contact.



Enriched Environment

An efficient and resilient portfolio that minimises our environmental footprint and mitigates environmental risk.

ENERGY AND EMISSIONS

WATER AND WASTE MANAGEMENT

BUILDING CERTIFICATIONS

BIODIVERSITY

CLIMATE RESILIENCE

Dexus's capacity to create value depends on efficient use of natural capital and resilience to environmental risks.

In a changing climate, developing and managing resilient properties means understanding how to reduce their impact on the natural environment and leave a positive legacy. Buildings account for nearly one-quarter of Australia's greenhouse gas emissions, which provides both a challenge and an opportunity for us to lower our carbon footprint and reduce operating costs through energy efficiency. We also actively manage water and waste through building optimisation, and customer engagement and awareness programs.

We recognise the risks and opportunities that climate change presents for our business. Dexus is acting to better understand, prepare for, and respond to acute physical risks such as damage from extreme weather, and chronic risks such as heat stress that adversely impact property function and occupant wellbeing. We seek to maximise the wellbeing of customers and occupants and sustain the reliable operation of our properties by factoring climate resilience into property management and decision making.

We have committed to achieve net zero emissions by 2030, an ambition that has been verified as consistent with the effort required to limit global temperature increases to below 1.5°C. Ongoing emissions reduction activities help futureproof our operations from risks associated with future carbon pricing, and demonstrate that emissions reductions need not come at the expense of business success.

More information on our approach to managing environmental issues, including resource efficiency and climate change, is provided in our [2019 Disclosures on Management Approach](#).



Our net zero emissions target is aligned with the global ambitions of the UN Paris Agreement.

950,351sqm

of office space rated 5 star NABERS Energy or above

12.4%

Reduction in like-for-like emissions since FY15

10.9%

Reduction in like-for-like energy consumption since FY15



Delivering FY19 Enriched Environment commitments

Commitment	Status	FY19 achievements
Deliver 1,000,000sqm of office property to a minimum 5 star NABERS Energy rating and 4 star NABERS Water rating by 2020	→	Delivered 950,351 square metres of office space to a minimum 5 star NABERS Energy rating and 757,423 square metres of office space to a minimum 4 star NABERS Water rating.
Reduce energy consumption and emissions across the group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables	✓	Achieved 10.9% reduction in energy consumption and 12.4% reduction in Scope 1 and Scope 2 greenhouse gas emissions against FY15 like-for-like baseline. Secured an Energy Supply Agreement to source renewable energy to support the base building services of 40 properties across our NSW portfolio.
Consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, actively identifying charities and markets for re-use and increasing waste diversion from landfill	→	Recorded an average resource recovery rate of 61% across 31 de-fit projects in FY19, with 19 of these projects achieving a resource recovery rate of over 80%.

Key

✓ achieved → progressed

45.6%

reduction in group office emissions intensity since FY08

22.0%

reduction in group office water intensity since FY08

>\$136m

saved through enhanced portfolio energy efficiency since FY08

FY20 commitments

- 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% across de-fit projects by 2020, contributing to the diversion of waste from landfill



Energy and emissions

Ramping up renewable energy

It's been an active year since we announced our 2030 net zero emissions goal across the group's managed portfolio. Electricity is our main source of emissions, and we intend to reach our goal through improving energy efficiency and increasing the uptake of on-site and off-site renewables. By 2030, if not earlier, Dexus intends to source 100% of its electricity needs from on-site and off-site renewable energy sources.

As a major first step, this year we secured a seven-year renewable Energy Supply Agreement (ESA) to power the base building services for over 40 properties across our managed New South Wales property portfolio.

This arrangement is one of the first supply-linked deals for an Australian property landlord and satisfies the demand from both customers and investors for more environmentally responsible energy.

From January 2020, 50% of the electricity under the ESA will be sourced from a portfolio of wind and solar renewable energy projects, and the agreement includes flexibility to increase the renewable portion to 100% over the term to meet our 2030 goal. The ESA provides Dexus with electricity at attractive rates, provides long-term supply security, reduces exposure to price volatility, and provides an effective price-hedge against future cost increases.

Across the Dexus retail and industrial portfolios there is significant opportunity to install solar Photovoltaics (PV) to generate electricity on-site to unlock additional financial value and accommodate increasing demands from customers for renewable energy.

We continued momentum on increasing on-site generation of renewable energy using solar PV systems, installing an additional 1 MW of solar generation capacity across the portfolio through FY19, with a further 1.89 MW under contract or in progress.

The solar capacity installed to date and investigations focused on our industrial portfolio from part of a broader groupwide onsite solar renewables program. During FY19 we conducted an Expression of Interest (EOI) campaign to engage with solar providers to explore their current capabilities and various financial models on offer to identify pathways that achieve best outcomes across key areas of property income, asset valuation, market risk, customer satisfaction, site feasibility/suitability, program management and environmental impacts.

Following on from the EOI process, in FY20 we will partner with preferred solar providers and embark on a programmatic rollout of solar PV across existing and new industrial properties. This will involve progressively reviewing rooftop structural integrity, network connection availability and customer appetite for cost-effective electricity, in preparation for installation at feasible properties.



Solar benefits Dexus and its office customers

100 Harris Street in Pyrmont has had an interesting history dating back to the late 1890s when it served as one of Sydney's original woolsheds.

The heritage building was redeveloped into high quality office space in 2017 and following Dexus's acquisition of the property, the building has been taken to the next level through the installation of 606 rooftop solar PV panels.

When Dexus acquired the heritage building, it identified that the property was well suited for solar panels due to its distinctive sawtooth roof which was a typical design of manufacturing properties of its time.

The solar PV panels have the capacity to generate up to 250,000 kilowatt hours of energy per year which contributes to powering the base building services. The investment has a payback period of around five years and will contribute to increasing the property's NABERS Energy rating.

This solar PV system at 100 Harris Street also contributes to Dexus's target of net zero emissions across its managed portfolio by 2030, with Dexus progressing plans to rollout additional onsite renewable projects across its property portfolio.



Setting a certified science-based target

In FY19 Dexus enhanced its net zero emissions ambition by certifying its emissions reduction target with the Science Based Targets initiative (SBTi).

The Science Based Target Initiative is a joint initiative by CDP, the United Nations Global Compact, the World Resources Institute and WWF, which aims to help businesses pursue bolder solutions to address climate change.

Targets adopted by companies to reduce greenhouse gas emissions are considered science-based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

The SBTi has certified that Dexus's scope 1 and 2 target is aligned with a 1.5°C trajectory, which represents their highest level of ambition. Looking beyond our own emissions, the target also commits us to reducing absolute scope 3 emissions by 25% by 2030 (FY18 baseline), to be achieved through engagement with customers about improving energy efficiency and reducing emissions within their occupied space.

Further, in December 2018 Dexus pledged to support the World Green Building Council's Net Zero Carbon Buildings Commitment and become a member of The Climate Group's EP100 campaign which recognises the importance of building energy efficiency in improving energy productivity. Our pathway to deliver these outcomes includes initiatives such as Dexus's ESA, onsite solar renewable program and continued investment in energy efficiency. Over the last 12 years we have doubled both energy and emissions productivity, achieving 2.12 times the economic output per energy consumed and 2.20 times the economic output per direct carbon emissions in FY19 when compared with FY08.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Supporting a carbon neutral Dexus workspace

As a signatory to Australia's carbon neutral program, Dexus offsets greenhouse gas emissions associated with management activities conducted offsite to facilitate day to day property operation including leasing, property management, property finance, investor relations, legal, governance and sustainability functions.

Dexus has committed to offsetting the carbon emissions from its corporate operations, and in FY19 retired certified offsets equivalent to 3,725 tonnes CO₂-e to achieve carbon neutrality. Employees helped select local and international community projects that Dexus would support to offset its emissions. These included:

WA Yarra Yarra Biodiversity: The Yarra Yarra Biodiversity Corridor is located 400km north of Perth and features diverse ancient landscapes. Over 90% of the region had been cleared for agriculture, and this program aims to reconnect the remnant vegetation sites and link 12 nature reserves across a vast tract of land. Trees and shrubs are planted to help establish habitat to protect and recover endangered and declining woodland and fauna.

Rimba Raya Biodiversity Reserve: Rimba Raya is the largest project in the world focused on reducing emissions from deforestation and forest degradation (the UN-REDD+ program). This project is in place to preserve more than 91,000 hectares of tropical peat swampland in Borneo. The area is rich with flora and fauna, including the endangered Bornean orangutan. Rimba Raya also develops programs in surrounding villages to improve the lives of the locals, supporting their education, employment and a positive future.

Improved Kitchen Regimes: The Improved Kitchen Regimes project is a global initiative involving the distribution of improved cook stoves and safe water technologies into communities. In addition to reducing deforestation through less wood use for cooking, the stoves reduce incidences of illness related to indoor air pollution, smoke inhalation and consumption of unsafe drinking water. The project also creates employment opportunities for indigenous communities.



Progress toward energy targets

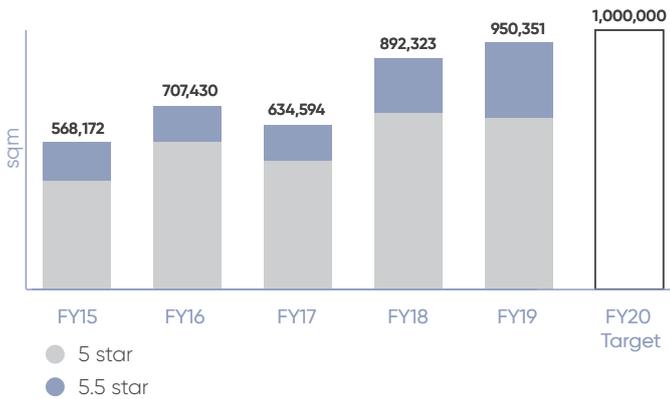
Since FY15, we have been working toward a 10% reduction in both energy consumption and greenhouse gas emissions across our like-for-like managed portfolio by FY20. We are pleased to have met this target one year earlier than anticipated, having achieved a 10.9% reduction in energy consumption and a 12.4% reduction in scope 1 and 2 emissions by the end of FY19.

We continued to progress toward our FY20 target of 1,000,000 square metres of office space rated to 5 star NABERS Energy or higher, achieving 950,351sqm of office space at or above 5 star at the end of FY19. Examples of initiatives contributing to the enhanced energy efficiency of our portfolio include:

- Building management system upgrades
- Expanded use of virtual metering and fault detection platforms
- Plant and equipment optimisation works, including chiller upgrades, to improve operational efficiency
- Lighting retrofits to utilise LED technology

In FY20 we will set new interim targets for 2025 that will contribute to our overarching ambition of net zero emissions by 2030.

Progress towards 1,000,000 square metres at 5 star NABERS Energy by 2020



360 Collins Street, Melbourne improves its resource efficiency

Dexus manages 360 Collins Street in Melbourne on behalf of owner, Dexus Wholesale Property Fund (DWPF). Over the past two years, Dexus has significantly improved the building's energy efficiency and NABERS Energy rating. To drive resource efficiency, Dexus identified and implemented early detection of faults through data analytics, building management system (BMS) tuning, and infrastructure upgrades in the common areas such as LED lighting. The property's energy intensity improved by 43% over two years, with overall energy use reducing despite an increase in occupancy. The strong performance contributed to its 4.5 star NABERS Energy rating in FY19, up from 3 stars in FY17.

Building management upgrades enhance 101 George Street, Parramatta

Building management systems (BMS) monitor and control the large energy consuming equipment within a building, such as HVAC (heating, ventilation, air conditioning), lighting, and fire and security systems. Sub-optimal building management systems can result in inefficient operations, impacting a property's energy and water performance.

Dexus invested in a BMS upgrade at 101 George Street in Parramatta to rectify programming that was causing excessive energy use and reactive maintenance work. Across the three months following the upgrade, electricity consumption reduced by on average 30% and water consumption reduced 14%. The works helped sustain the property's strong 5.5 star NABERS Energy rating, and lifted its NABERS Water rating from 3.5 star to 4 star. Dexus continues to maintain ongoing systems tuning and BMS maintenance as an important component of its approach to resource efficiency.





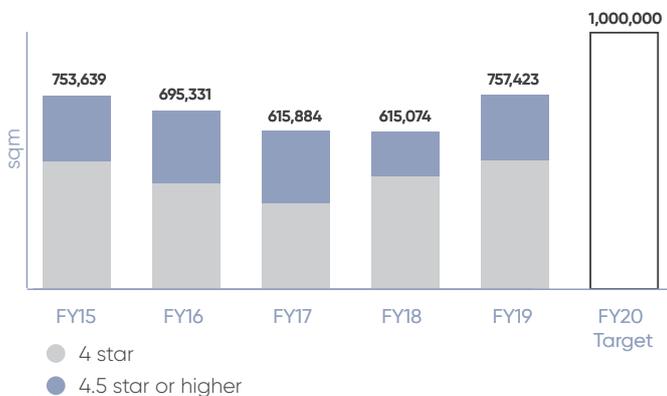
Water and waste management

Making progress on water efficiency

In FY19 we increased the net lettable area of properties across our managed portfolio rated 4 star NABERS Water or higher to 757,423 square metres, reversing a trend that had been declining in previous years. This improved position reflects concerted efforts across a range of Initiatives including targeted water audits that identified key opportunities for improvement, such as chiller, toilet flush and tap aeration efficiencies that have been implemented. Enhancements were introduced to improve fault and leak detection analytics at connected properties, leveraging additional water submetering and enhanced alerts, that enabled site teams to respond to issues more quickly.

We are mindful of the challenge to achieve our 4 star NABERS Water target of 1,000,000 square metres by the end of FY20. Progress toward the target has been counterbalanced by adverse impacts on water efficiency from hot weather, extended operating hours, increased occupant density and installation of new end-of-trip facilities. We are pleased with the additional 140,000 square metres of properties that have achieved our 4 star NABERS Water goal over the last 12 months. We will continue to drive water efficiency measures in collaboration with customers into FY20 and beyond via upgrading bathroom fixtures and fittings, deploying meters, and improving fault detection to resolve water leaks, and optimising cooling tower water efficiency.

Progress towards 1,000,000 square metres at 4 star NABERS Water by 2020



Adding value through customer engagement

With most of Australia's eastern states in drought, we have a responsibility and an opportunity to make a difference in our workplaces. We are engaging with our customers to promote ways to assist Dexu through their consumption habits to save water.

Over the past year we have rolled out a customer engagement program to promote water conservation techniques to customers in our properties. In bathrooms and end-of-trip facilities across our office portfolio, we installed water plaques at sinks, toilets and showers to educate customers on opportunities to conserve water through reporting leaks, using half flush where possible, and minimising wastage.



Reducing water use at Australia Square

A collaborative focus on water efficiency across property stakeholders at Australia Square in Sydney has resulted in an improvement in the property's NABERS Water rating, despite a recent expansion to the end-of-trip facilities. As manager of the property, Dexu set out to improve water efficiency through engaging the facility manager, service contractors and customers in the tower to focus on water wastage.

Key initiatives included:

- Conducting monthly building performance meetings to review current water usage consumption and trends, and put forward ideas for improvement
- Installing additional submetering that allowed for adjustments to toilet flush valves, resulting in 3-4 litres saved per pan per flush
- Replacing the aerators on hand basin taps which has reduced the overall water consumption from these fixtures
- Introducing water plaque signage to remind customers to be conscious of their water use and the importance of minimising water use
- Increasing the awareness and reporting of leaks and drips with security, cleaners, and building occupants.

As a result, the NABERS Water rating at Australia Square increased from 3.5 star to 4 star. Dexu is applying a similar program of initiatives across its portfolio to assist in achieving its target of having 1,000,000 square metres of office space with a minimum 4 star NABERS Water rating.



Focusing on operational waste

In FY19, we progressed several initiatives focused on enhancing the operational waste management of our portfolio. Dexus's standing goal is to reach 65% waste diversion from landfill across the group's office portfolio. In FY19 we achieved 42% diversion across office properties and 35% diversion across retail properties.

We identified that the removal of individual under desk bins in favour of centralised bin systems for each tenancy to be an effective way to enhance diversion rates and reduce waste stream contamination in office properties. This year we continued to progressively remove them in collaboration with customers and cleaning contractors.

Customer education is also important for embedding the positive behaviour change required to sustain strong waste management outcomes. In FY19, we hosted "lunch and learn" sessions on sustainable waste management and promoted the availability of specialised e-waste, coffee cups and organic collection services available to customers within their tenancies or via building management.

To enhance our approach to waste management even further, we have supported the development of the new NABERS Waste rating tool by piloting NABERS Waste ratings at nine office properties in FY19 and we are committed to conducting NABERS Waste ratings across the whole office portfolio in FY20. From those rated thus far, 1 Bligh Street in Sydney has recorded the highest rating, achieving 4.5 star and setting a benchmark across the portfolio. This strong performance at 1 Bligh Street is the result of several success factors including:

- Promotion of four separate waste streams: paper and cardboard; mixed recycling; organic waste; and general waste
- Specialised recycling programs focused on coffee cups and e-waste recycling for customers
- Data on waste quantities is collected across each tenancy with feedback provided to engage customers on their waste performance and improve their practices

Adding value through de-fit recycling and reuse

Outside of day-to-day property operations, we focus on minimising waste through our target to consistently demonstrate 80% diversion rates from tenancy de-fits. In FY19, 19 of the 31 monitored de-fit projects achieved a diversion rate of 80% or higher, including projects with tight deadlines that make diversion rates more challenging to achieve. The combined diversion rate across all 31 projects was 61% with over 1,700 tonnes of materials being reused, recycled or recovered, including:

- 319 tonnes of metal
- 240 tonnes of hardfill
- 105 tonnes of e-waste
- 141 tonnes of furniture
- 129 tonnes of glass
- 79 tonnes of carpets

Over the past year, 2 Dawn Fraser Avenue in Sydney Olympic Park demonstrated significant diversion outcomes from its building-wide de-fit project. The project team maintained a strong focus on recycling and reuse, which led to the project achieving over 99% diversion.

Contributing to the high diversion outcome was over 63 tonnes of Interface carpet tiles covering 15,940 square metres, that were recycled through their recycling program. In addition to reusing the tiles for new carpet materials, Interface innovated to reduce the embodied carbon of the project by offsetting the associated 185 tonnes in lifecycle carbon emissions of the replacement carpet.

In addition, all metals, e-waste, hardfill and glass materials were recycled.

The project team also successfully overcame a common challenge in maximising diversion rates for these projects, by finding a recipient to make use of the stripped-out furniture items once they become available.

The contractors identified the opportunity to work with Encounter First, a group supporting Papua New Guinea communities, to transport four tonnes of furniture to Papua New Guinan schools.

Broadening the waste recycling streams on offer

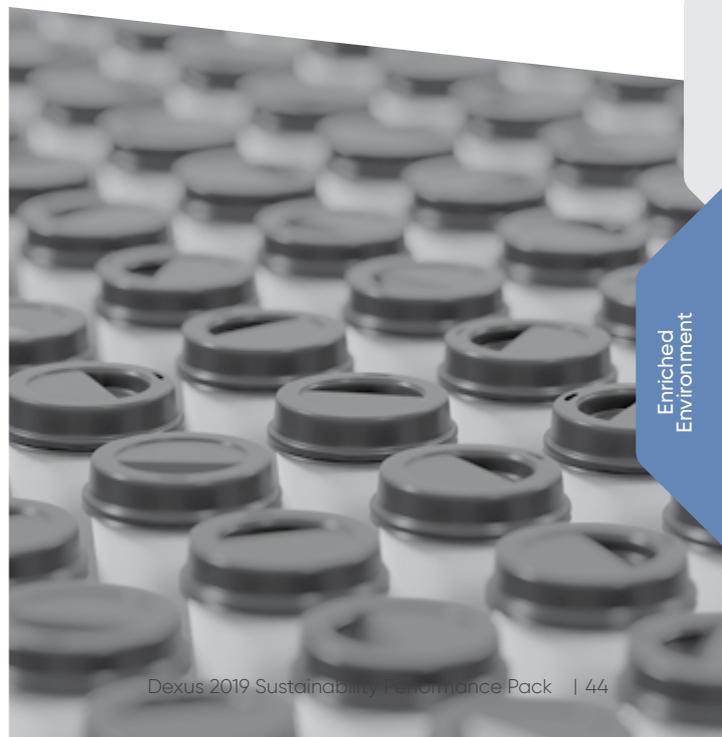
For many people, coffee is a daily ritual that can have the unintended consequence of adding cups and lids to a property's waste stream. These items can be challenging to recycle.

To help reduce the waste footprint of coffee drinkers, Dexus partnered with coffee cup recycling program, Simply Cups Australia, to introduce the program at eleven properties and tenancies including Dexus's Sydney office at Australia Square.

Dexus has collected and recycled over 170,000 coffee cups through the Simply Cups initiative, including 1,730 cups at 5 Martin Place, Sydney in April 2019 alone and close to 65,000 cups in total at 385 Bourke Street in Melbourne.

In the two years since it began operating, Simply Cups has collected over five million cups and diverted them from landfill. Simply Cups' processing facility in Moama, New South Wales, takes used cups where they are upcycled into higher value products such as carpark bumpers and bike lane separators.

Dexus is pleased to have secured the opportunity to expand recycling options for customers across its office properties and will continue to explore additional locations where it can implement Simply Cups in the future.



Building certifications

Green Star certifications

Dexus adopts the Green Building Council of Australia's Green Star rating tools to guide the integration of environmental and social aspects within development projects and to independently verify each project's sustainability credentials in construction and operation.

During the year, the recent development of 105 Phillip Street, Parramatta was certified to 6 Star Green Star Design (Office v3). Other development projects progressed in FY19 and seeking Green Star accreditation include:

- Dexus's latest flagship office tower at 100 Mount Street, North Sydney passed design review stage and is on track to achieve a 5 Star Green Star Design & As Built rating
- Construction commenced on the North Shore Heath Hub, a specialised mixed-use medical hub co-located with Royal North Shore and North Shore Private Hospitals in St Leonards NSW. The project is registered for Green Star and is targeting a 5 Star Green Star Design & As Built rating
- Registered Flinders Gate – 180 Flinders Street in Melbourne and 12 Creek Street (The Annex) in Brisbane for Green Star Design & As Built ratings

We apply the Green Star Performance rating tool to benchmark the operational performance of the group's office and retail portfolios across a broad range of measures relating to energy, water, indoor environment, building management, transport, materials, land use and ecology, and innovation.

In FY19 Dexus achieved a 4 Star Green Star Performance portfolio rating across 76 office and retail properties, which included achieving a 5 Star average performance rating across its office portfolio, representing 'Australian Excellence'. Within this year's rating, we were recognised for innovation in leadership, strategy and actions towards decarbonising our properties by targeting net zero emissions, as well as our work to enhance climate resilience. The portfolio Green Star Performance ratings help us communicate the sustainability credentials of our properties to customers and investors, and provide valuable feedback to set further improvement goals.

National Australian Built Environment Rating System (NABERS)

Dexus has a well-established NABERS program to benchmark energy and water performance nationally, using a rating scale from 1 to 6 stars. In FY19, Dexus's group office portfolio achieved an average 5.0 star NABERS Energy rating (FY18: 4.9 star) and an average 3.5 star NABERS Water rating (FY18: 3.6 Star). The uplift in energy performance follows further streamlining of cloud-based fault detection analytics software combined with ongoing investments in plant and equipment upgrades (refer to the case study of 360 Collins Street, Melbourne on page 42).

Improving water efficiency remains a challenge, as factors such as hot weather, higher occupancy density and new end-of-trip facilities have generally placed upward pressure on water use. Despite these challenges, during the year 16 office properties recorded at least half star improvements to their NABERS Water rating, including Australia Square Tower in Sydney (refer to the case study on page 43).

The Dexus-managed group retail portfolio achieved an average 3.8 star NABERS Energy rating (FY18: 3.4 star) and an average 3.5 star NABERS Water rating (FY18: 3.5 star). Willows Shopping Centre in Townsville was a leading performer, improving its energy performance based on strong engagement from the centre management team to realise energy savings from upgrades to the air conditioning system completed as part of the centre's expansion in 2018.

Portfolio	NABERS portfolio average	
	Energy	Water
Group Office portfolio	5.0	3.5
Dexus portfolio	5.0	3.6
Dexus Office Partnership	4.9	3.7
Funds management portfolio	4.9	3.5
Dexus Wholesale Property Fund	4.8	3.2
Group Retail portfolio¹	3.8	3.5
Dexus Wholesale Property Fund ¹	4.0	3.8
Funds management portfolio ¹	3.9	3.6

1. Dexus managed properties only.

NABERS Indoor Environment

A healthy indoor environmental quality positively impacts occupant health and wellbeing, and ultimately on customer productivity and satisfaction. Going beyond our regular audit of indoor air quality, in FY19 we completed NABERS Indoor Environment (NABERS IE) ratings across 31 properties. NABERS IE ratings measure acoustic quality, lighting quality, temperature and thermal comfort as well as indoor air quality of a property. Certified NABERS IE ratings allow us to benchmark performance and enhance management of indoor environmental quality for our customers.



Biodiversity

Dexus aims to deliver a positive impact on biodiversity through enhancing and managing biodiversity outcomes across properties that we develop and operate.

Over the past year, we have applied geographic information system (GIS) spatial mapping tools to understand the proximity of our properties in relation to globally significant biodiversity. We have also applied the Ecological Value tool within the Green Star Performance rating scheme to understand biodiversity value at our properties, which we reassess every three years when recertifying our portfolio.

Much of our portfolio exists in highly urbanised areas that generally has not retained its prior biodiversity value. However, the opportunity exists to make a positive impact at new developments and existing properties where changes in land use occur. For example, many of our industrial properties are situated in urban fringe areas where conserving remaining biodiversity is an important concern. In these areas, our development teams collaborate with local authorities and other stakeholders to deliver positive biodiversity outcomes.

Within Dexus's new industrial development precinct at Ravenhall in Victoria, we have committed to conserving large tracts of high quality vegetation on the site, and securing for conservation in perpetuity an additional 32 hectares off site, that is home to an endangered grassland community. The land to be conserved also supports endangered species such as the Striped Legless Lizard. Together, the retention of high-quality vegetation on site, mitigation of the loss of vegetation during construction, and conservation of ecologically significant land off site, will contribute to a positive biodiversity impact at Ravenhall.

Our approach to climate-related issues

This section describes how we manage climate-related risks and opportunities, with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Townsville's 1 in 100 year floodwater event in February 2019 highlights the impact that mother nature can have on our communities. Maintaining and enhancing property resilience is a key focus for Dexus, to mitigate environment and climate-related impacts.

We continue to enhance our understanding of physical risks to properties and communities, and the impacts to people and businesses from climate-related shocks and stresses. We also continue to grow our understanding of the complex nature of transitional risks and their associated impacts on financial performance, business strategy and investment decision-making.

Governance

The Dexus Board oversees all strategic risks including climate change risk, with the Board Risk Committee overseeing the Group's enterprise risk management practices, as well as work health and safety, and environmental management. As a strategic risk, climate change is discussed in detail on an annual basis. Each year and as needed, the Board approves the group's sustainability commitments.

The Sustainability team, led by the Executive General Manager, Investor Relations, Communications and Sustainability, and the Senior Manager, Group Sustainability and Energy leads the group's management response, reporting and presenting on a quarterly basis to the Board Risk Committee on progress against targets and to the Board as key topics emerge.

In FY19, the team reported on progress against its climate resilience roadmap (mitigation, adaptation, and influencing value chain). As part of this, the Board Risk Committee has reviewed Dexus's 2030 net zero strategy from proposal to adoption. The strategy and associated targets were endorsed by the Board.

Recognising the importance of managing ESG issues, the Board is currently finalising plans to establish a new Board Committee in FY20 known as the Board ESG Committee. It is anticipated that the Board ESG Committee will oversee the implementation of the group's Sustainability Approach and work closely with the Board Risk Committee in overseeing the management of ESG issues, including climate-related risks and opportunities.

Strategy

Dexus considers climate related risks and opportunities across the following time horizons:

- Short term (0–2 years in line with 2020 goals)
- Medium term (2–7 years in line with interim targets towards 2030, and Capex planning)
- Long term (7–15 years in line with 2030 net zero emissions target) time horizons.

As the nature and impact of transitional risks continues to evolve, Dexus leverages the following activities to gather data and insights to inform investment decision-making:

- Our in-house research team tracks economic conditions, correlates market risks and forecasts real estate market performance in all major commercial, retail and industrial property markets nationwide to identify immediate operational risks, and longer-term megatrends that influence the development of strategy, portfolio planning and new products and services
- We collaborate with peers and with industry associations to undertake work and share knowledge on climate change risk and adaptation
- We engage with customers and conduct social demographic studies across retail properties
- We work with subject matter experts to maintain an up-to-date view.

Climate-related issues are considered as one of several factors within annual asset and property management activities including financial budgeting for capital and operating expenditure, risk-based engineering assessments, managing insurance policies and claims. Financial planning is conducted across short and medium time horizons.

Scenario analysis

To date, Dexus has applied climate scenarios to inform decision-making as follows:

Scenario	Application
RCP8.5 from the 2014 IPCC ¹ report using 2030 and 2070-time horizons	Assess property physical risk exposure to identify likely high impact climate-related outcomes, including the magnitude and specific locations where they are likely to occur. The outcomes inform Dexus's acquisition strategy and physical property risk management activities.
Science-Based Target initiative (SBTi) sectoral decarbonisation trajectory using IEA ² 2°C scenario (IEA 2DS:2012)	Climate scenario analysis outcomes used to inform energy use and price modelling out to 2030 with comparison against sector decarbonisation required consistent with 2 degrees warming against pre-industrial levels. In FY18, this analysis has been used to develop our 2030 net zero emissions target in line with science-based outcomes to avoid serious climate-change effects.

1. Intergovernmental Panel on Climate Change (<http://www.ipcc.ch/>)

2. International Energy Agency (<http://www.iea.org>)

We have used scenario analysis to understand physical risk exposure and to develop our 2030 net zero emissions target. We plan to further integrate scenario analysis into annual business stress testing across longer-term time horizons beyond the current 3 to 5-year horizon.

Expanding our use of scenario analysis will enhance our understanding of transition risks (e.g. carbon pricing, increased building efficiency standards) and links to financial impacts.

Our newly established cross-business TCFD working group will leverage existing and future scenario analyses to:

- coordinate action on climate-related risks and opportunities
- build a collective understanding of Dexus's resilience to climate-related issues
- raise awareness of the importance of climate-related issues across Dexus's operations and portfolio

Our goal is to continue to enhance our disclosure of financial impacts beyond those expressed in our 2019 CDP submission, and in line with published TCFD guidance.



Climate related issues and financial impact

Risk	Time horizon	Financial impact	How Dexus is equipped to manage and monitor risk
Policy and legal compliance and potential for emissions taxes/tariffs on energy	Short to medium term	Enhanced emissions-reporting obligations may lead to increased compliance costs through new or higher taxes	<p>In-house Sustainability team monitors existing and emerging legislation and embeds compliance into daily processes.</p> <p>Dexus develops and manages its portfolio to maximise energy efficiency via continuous improvement design and operational targets, that drive ongoing energy efficiency programs.</p>
Property physical risk exposure via increased severity of extreme weather events such as cyclones and floods	Short to long term with predicted increase in frequency	Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations	<p>Dexus has assessed its portfolio for climate-related risk exposure and climate change impacts are reduced through careful portfolio construction combined with risk evaluation and associated adaptation planning within its certified Environmental Management System.</p> <p>Dexus actively manages climate exposure risk for wind and flooding to mitigate against higher insurance deductibles imposed by insurers for specific properties located in Far North Queensland due to their inherent risk exposure.</p>
Changing investor behaviour to divest out of businesses that exhibit high carbon intensity and/or do not articulate a clear strategy for addressing climate change risks	Medium term	<p>Reduced ability to attract and retain investors and raise new capital</p> <p>Reduced access to debt or finance arrangements or lead to less favourable interest rates or debt terms</p>	<p>Dexus systematically identifies, quantifies and responds to ESG issues within strategic decision making and operations, to deliver sustained investor returns.</p> <p>Dexus is a signatory to the UN Global Compact (UNGC) and Principles for Responsible Investment (PRI) and has integrated these principles. Dexus conducts ESG due diligence for property transactions, applies technology and operational expertise to reduce resource use and greenhouse gas emissions, and partners with like-minded suppliers.</p>
Changing customer expectations for minimum property performance	Medium term	Reduced customer demand would lead to increased vacancy, lower rental income, and property devaluation	<p>Dexus focuses on operational efficiency by setting continuous improvement targets and continues to invest capital expenditure into its properties to maximise property energy efficiency and reduce emissions.</p> <p>Dexus analyses and responds to consumer trends through market research, focusing on customer needs and issues to provide service excellence.</p>
Rising mean temperatures and heat stress	Medium to long term	Increased operating and maintenance costs to maintain indoor temperature to meet occupants' comfort requirements to maintain health and wellbeing	<p>Advanced building management systems, supported by virtual engineer analytics monitor building comfort conditions and the indoor environment.</p> <p>Dexus installs standby generators to maintain energy security for use during blackouts.</p>



Opportunity	Time horizon	Financial impact	How Dexus is equipped to manage and monitor opportunity
Availability of incentives	Short term	Additional revenues through access to new and emerging markets to offset project capital costs	Dexus participates in the NSW Energy Savings Scheme and generates Energy Savings Certificates (ESCs) following successful implementation of prior projects. In FY19 Dexus created 6,932 ESCs.
Changing investor behaviour	Medium term	Better competitive position to reflect shifting consumer preferences, resulting in attracting and retaining capital	Dexus is a signatory to the UNGC and the PRI and has integrated these principles throughout the group. Dexus has been recognised globally as a leader by inclusion on various indices including Dow Jones Sustainability Index, FTSE4Good Index, MSCI and CDP Climate Change questionnaire. Dexus leverages its demonstrated reputation for prudent capital management as a responsible investor to raise additional capital and attract new investment partners.
Changing customer behaviour towards more efficient properties	Short to medium term	Better competitive position to reflect shifting consumer preferences, resulting higher occupancy and rental returns	Dexus effectively manages energy use to reduce tenant outgoings and attract customers. Dexus benchmarks its managed office and retail properties using NABERS ³ and is targeting 1,000,000 square metres of 5 star rated NABERS properties by 2020. Dexus benefits from changing consumer behaviour, including government and some private sector customers that now require a minimum level of energy efficiency in their office tenancies, and typically require their properties to achieve 4.5-star NABERS Energy ratings or higher.
Access to new market revenue opportunities	Short to medium term	Opportunity to leverage Australia's electricity grid transformation and increases in distributed electricity generation by new market operators	Dexus is exploring opportunities to self-generate and offer electricity to customers or lease the available roof space across its managed industrial portfolio to third party solar energy companies on a large scale.

3. National Australian Built Environment Rating System, administered by the NSW Office of Environment and Heritage.



Risk management

Climate-related risks are assessed in accordance with Dexus's standard framework for managing risks. At a group level each key strategic risk, including climate change risk, is discussed in detail on an annual basis.

Dexus's climate resilience strategy responds to the physical and transitional risks identified through scenario analysis and 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, tenants and suppliers to reduce climate impacts.

Mitigating climate impacts

Dexus reviews the sustainability risks of a potential acquisition before purchase through a rigorous due diligence process focusing on environmental performance, climate change-related physical risk exposure, and building upgrade and improvement plans, with associated costs to implement upgrades in line with the group's 5 star NABERS Energy rating target. The outcomes may affect procurement decisions and determine the investment strategy for the asset, both in the short and long term.

For properties under management, environmental performance and reducing resource consumption is critical and this is measured, monitored and managed to meet environmental performance targets. Impacts to customers from rising occupancy costs due to energy-related outgoings are also a key influence of the group's resilience strategy. We have applied regression analysis techniques to review the impact of chronic temperature rise on energy consumption using current building energy performance against key influencing variables including forecast ambient temperatures, building occupancy and operating hours. We also continued to monitor the state of the energy market within our forward energy purchasing strategy, and considered energy efficiency improvement opportunities with asset-level strategic improvement plans.

Adapting to climate-related risks

In FY19 we refreshed our portfolio-wide climate risk assessment and integrated resilience into Dexus's Environmental Management System, building on previous assessments completed in 2011 and 2015. Our climate risk assessment method involves:

1. **Portfolio-wide climate exposure and vulnerability assessment** (completed in FY19):
 - Applied current climate data and future climate projections to identify hotspots for climate issues, both acute (storms, heatwave) and chronic (rainfall, heat stress) and surveyed site operations teams to understand their property's vulnerability to those risks and hazards
 - Integrated climate resilience within Dexus's Environmental Management Manual, to establish an ongoing context and framework, and codify the process for portfolio level and asset level risk assessment adaptation planning
2. **Property-level adaptation planning** (underway in FY20): Leveraging the portfolio-level learnings to assess in more detail operational resilience plans for priority assets, through Dexus's Environmental Management System, and furthering our understanding of financial impacts of climate risk

Influencing our value chain

Throughout the year Dexus has engaged with suppliers, investors and industry peers to discuss our progress and programs towards climate resilience. We collaborated extensively with Red Energy to develop the ESA discussed on page 40, and openly shared our journey with key customers, investors, and peers at forums such as the Green Building Council of Australia's TRANSFORM conference. We advocated for increased adoption of renewable energy and efficiency by committing to the World Green Building Council's EP100 initiative, as well as engaging directly with investors on this issue.

Refer to the [2019 Disclosures on Management Approach](#) for information on governance, risk management framework and processes, and emissions reduction activities.

Metrics and targets

Dexus is committed to operational efficiency across the property portfolio to deliver savings in resource consumption and associated greenhouse gas emissions, and to meet current and future environmental targets. Our goal is to achieve net zero emissions by 2030 through improving energy efficiency and increasing renewables.

Dexus monitors and reports on absolute greenhouse gas emissions, like-for-like emissions and emissions intensity for all properties under operational control.

We report using both location-based and market-based emissions accounting approaches, the former satisfying our regulatory reporting and the latter taking into account voluntary reductions achieved through use of emission-free GreenPower.

Pages 51-52 contain a summary of the group managed portfolio environmental inventory, and the [2019 Sustainability Data Supplement](#) provides comprehensive disclosure of Dexus environmental metrics and year-on-year performance.



Summary of environmental accounts

The following tables provide the environmental inventory and consumption/emissions intensities for the group managed portfolio on an operational control basis. Further environmental accounts are contained within the [2019 Sustainability Data Supplement](#).

Group managed portfolio – environmental inventory

Metric	Absolute				Like-for-like		12 month change	
	Base year	FY17	FY18	FY19	FY18	FY19		
Energy Consumption (MWh)								
Non-renewable energy	Diesel	266	1,540	1,342	1,770	1,129	1,468	30.0%
	Natural Gas	33,272	51,130	45,929	37,457	33,250	32,525	-2.2%
	Electricity – grid-purchases accounted using average grid emission factors	155,523	143,786	150,038	145,721	118,391	115,822	-2.2%
Renewable energy	Electricity – GreenPower purchases accounted using source-based emission factor supported by an energy attribute certificate	15,306	5,424	3,364	5,275	3,062	4,539	48.2%
	Solar energy	0	276	292	292	292	292	0.2%
Total energy consumption (MWh)		204,367	202,155	200,965	190,516	156,124	154,646	-0.9%
Proportion of energy consumption from renewable sources (%)		7.5%	2.8%	1.8%	2.9%	2.1%	3.1%	
Water (kL or cubic metres)								
Potable water from water authorities		1,499,044	1,806,128	1,858,668	1,815,826	1,512,354	1,548,321	2.4%
Recycled water recovery			8,015	10,568	4,964	10,568	4,964	-53.0%
Total water consumption including recycled water		1,499,044	1,814,143	1,869,236	1,820,791	1,522,922	1,553,285	2.0%
Proportion of water consumption from recycled sources (%)			0.4%	0.6%	0.3%	0.7%	0.3%	
Waste and recycling (tonnes)								
Waste to landfill		4,475	9,468	10,451	9,721	7,968	7,777	-2.4%
Recycled waste		4,118	7,014	7,002	6,327	5,816	5,187	-10.8%
Total waste		8,593	16,482	17,453	16,048	13,785	12,964	-6.0%
Diversion from landfill (%)		47.9%	42.6%	40.1%	39.4%	42.2%	40.0%	-5.2%
Waste data coverage across office and retail properties		74%	98%	99%	100%	100%	100%	0.0%
Greenhouse gas emissions (t CO ₂ -e)								
Scope 1		6,226	19,688	18,919	17,596	15,107	15,463	2.4%
Scope 2 location-based		151,951	128,883	131,158	126,941	103,857	102,043	-1.7%
Total Scope 1 & 2 location-based GHG emissions		158,176	148,571	150,077	144,538	118,965	117,505	-1.2%
Scope 2 adjustment due to GreenPower purchases		-13,801	-5,006	-2,819	-4,426	-2,569	-3,822	48.8%
Total Scope 1 & 2 market-based GHG emissions		144,376	143,564	147,258	140,112	116,396	113,683	-2.3%
Scope 3 location-based GHG emissions		27,630	36,728	37,452	34,938	29,950	28,685	-4.2%
Scope 3 adjustment due to GreenPower purchases		-2,580	-617	-402	-529	-366	-455	24.5%
Total Scope 1, 2 & 3 location-based GHG emissions		185,807	185,298	187,529	179,476	148,915	146,191	-1.8%
Total Scope 1, 2 & 3 market-based GHG emissions		169,425	179,675	184,307	174,521	145,980	141,913	-2.8%
Voluntary offsetting								
Voluntary offsets surrendered by Dexus		0	-3,000	-3,000	-3,725	-3,000	-3,725	
Total net greenhouse gas emissions		169,425	176,675	181,307	170,796	142,980	138,188	-3.4%
Lettable area under operational control (square metres)								
Office		938,304	1,595,564	1,647,185	1,651,876	1,381,608	1,381,465	0.0%
Retail		292,161	296,386	323,780	304,513	217,674	216,977	-0.3%
Industrial		926,859	1,079,053	1,072,881	1,136,658	1,035,480	1,034,710	-0.1%

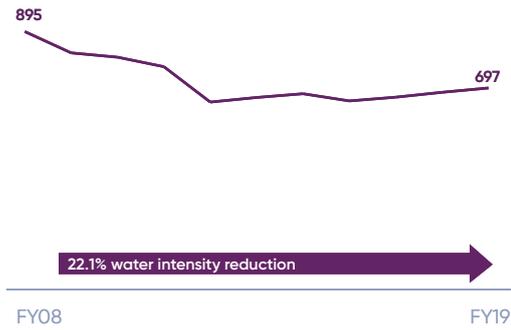
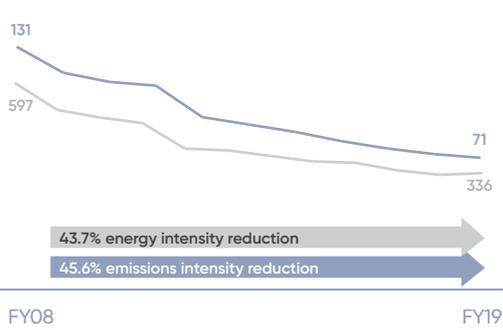


Group managed portfolio – Consumption, emissions and waste on an intensity basis

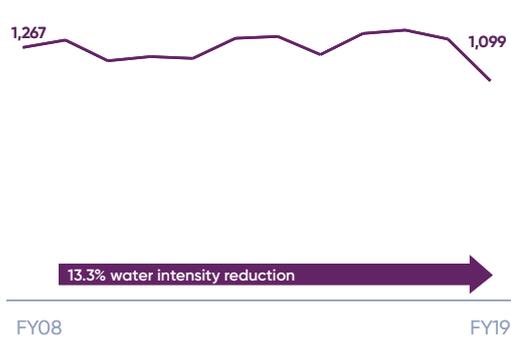
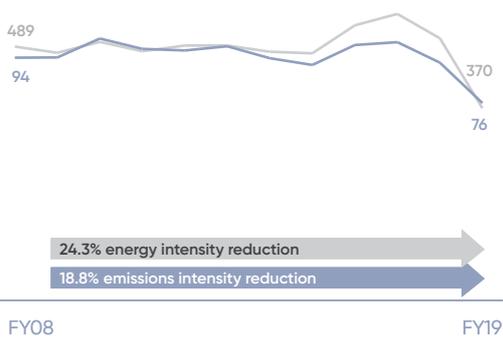
Metric	Managed portfolio				Like-for-like			
	Base year ¹	FY17	FY18	FY19	FY18	FY19	12 month change	
Group Office portfolio	Energy consumption (MJ/sqm)	597	344	331	336	330	329	-0.1%
	Water consumption (L/sqm)	895	684	699	697	717	719	0.2%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	131	73	71	71	71	71	-0.9%
	Waste diversion from landfill	51% ²	48%	45%	42%	44%	42%	-5.8%
Group Retail portfolio	Energy consumption (MJ/sqm)	489	552	505	370	422	394	-6.6%
	Water consumption (L/sqm)	1,267	1,354	1,309	1,099	1,136	1,103	-2.9%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	94	100	92	76	81	77	-5.2%
	Waste diversion from landfill	30% ²	33%	33%	35%	38%	37%	-2.7%
Group Industrial portfolio	Energy consumption (MJ/sqm)	33.4	11.9	11.9	12.4	11.7	12.8	9.5%
	Water consumption (L/sqm)	312	290	264	290	265	305	15.3%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	8.4	2.5	2.4	2.6	2.4	2.7	11.9%

1. Base year is FY08, unless otherwise indicated
2. Base year is FY12

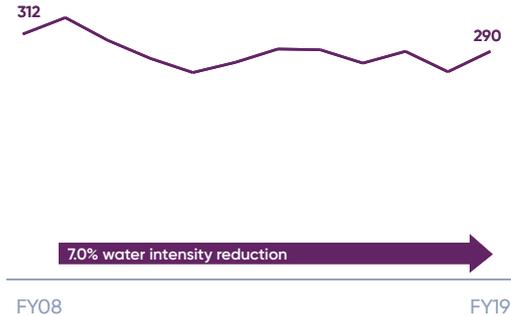
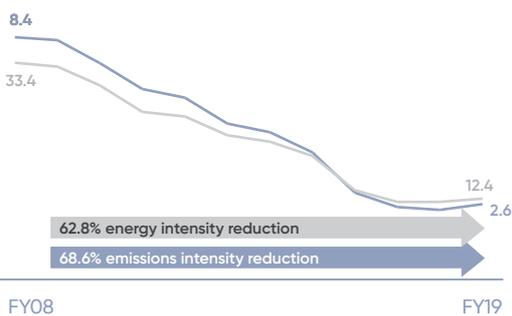
Office



Retail



Industrial



- Energy intensity (MJ/sqm)
- GHG emissions intensity (kg CO₂-e/sqm)

- Water use intensity (L/sqm)



Glossary

Acronym	Definition
BBP	Better Buildings Partnership (www.betterbuildingspartnership.com.au)
CBD	Central business district
CFCs	Chlorofluorocarbons (CFCs) are nontoxic, non-flammable chemicals containing atoms of carbon, chlorine, and fluorine. CFCs are believed to be a major cause of stratospheric ozone depletion
ESA	Energy Supply Agreement
ESG	Environmental, social and governance
GBCA	Green Building Council of Australia (www.gbca.org.au)
GHG	Greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent (t. CO ₂ -e)
GreenPower	Emission-free electricity sourced via a certified GreenPower Product (www.greenpower.gov.au)
Green Star	An internationally-recognised sustainability rating system, administered by the GBCA, to evaluate and benchmark sustainability impact across nine categories for buildings during design, construction and in operation.
GRESB	Global Real Estate Sustainability Benchmark (www.gresb.org)
HCFCs	Hydrochlorofluorocarbons (HCFCs) are compounds containing carbon, hydrogen, chlorine and fluorine. Industry and the scientific community view certain chemicals within this class of compounds as acceptable temporary alternatives to CFCs. The HCFCs have shorter atmospheric lifetimes than CFCs and deliver less reactive chlorine to the stratosphere where the "ozone layer" is found
NABERS	National Australian Built Environment Rating System (www.nabers.gov.au)
NPS	Net Promoter Score – an index used as a proxy to measure satisfaction on a scale of -100 to +100
PCA	Property Council of Australia (www.propertycouncil.com.au)
PRI	Principles for Responsible Investment – a United Nations-supported network of investor signatories encouraging the incorporation of ESG factors into investment decisions (www.unpri.org)
SDGs	Sustainable Development Goals – 17 goals adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development (sustainabledevelopment.un.org/sdgs)
SIP	Strategic Improvement Plan, prepared by Dexus that captures energy, water and waste improvement opportunities and forecasts a pathway towards resource efficiency targets
TCFD	Task Force on Climate-related Financial Disclosure – a working group that has developed a set of recommendations for voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders (www.fsb-tcfd.org)
UNGC	United Nations Global Compact – a voluntary corporate sustainability initiative that seeks to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption (www.unglobalcompact.org)

Resource consumption methodology

The resource consumption data is derived from office, industrial and retail properties under the operational control of Dexus for part or all of the 12 months ending 30 June 2019 with the inclusion of Dexus corporate tenancies.

Dexus has applied the principles contained within the National Greenhouse and Energy Reporting (NGER) Act 2007 and its associated guidelines to determine the operational control of its properties across Australia and New Zealand. Dexus has operational control of a facility if it has the authority to introduce and implement any or all of the operating, health and safety and environmental policies for the facility. Dexus excludes energy consumption from tenant spaces where the tenant receives separately metered energy invoices and excludes whole facilities where they are leased to a single tenant occupying the entire premises.

Dexus also included water usage from nine current and eight previously managed industrial properties where water is purchased by Dexus and consumed by customers and Dexus for property maintenance, e.g. landscaping.

Refer to the Dexus 2019 Assurance Criteria for further details including the list of consumption and emission sources, and references for factors that have been applied. The 2019 Assurance Criteria is available within Dexus's sustainability reporting library.

Like-for-like data has been based on a portfolio whereby operational control and data for energy and water was available for the full 24-month like-for-like period.

Dexus has reviewed its environmental dataset to fully align with NGER by adding minor source items and confirming calculation methods and factors. Non-material historical figures have been applied to all years since the 2008 base year and have been restated for consistency. Prior years' data has been updated to reflect current information where applicable resulting in minor restatements. Repetition only occurs when there is an overlap of reporting periods. There may be small discrepancies in the totals in some tables due to rounding.

Boundary terms

In this 2019 Sustainability Performance Pack:

- ‘Dexus’, ‘the group’, ‘Dexus group portfolio’, ‘we’, ‘us’ and ‘our’ refer to Dexus comprising the ASX listed entity (DXS) and the Third Party Funds Management business, unless otherwise stated
- ‘Dexus portfolio’ relates specifically to the portfolio of properties in the ASX listed entity
- ‘Funds management portfolio’ relates to properties managed by Dexus on behalf of third party clients
- ‘Third party capital partners’ refers to the investors, partners, and clients in our funds management portfolio

Any reference in this report to a ‘year’ relates to the financial year ended 30 June 2019. All dollar figures are expressed in Australian dollars unless otherwise stated.

Independent assurance

In addition to auditing the Financial Statements, PricewaterhouseCoopers (PwC) provides limited assurance over select environmental and social data metrics within the 2019 Dexus annual reporting suite.

Limited assurance has been obtained for the 12 months to 30 June 2019. The Assurance Statement, and associated reporting criteria documents are available within Dexus’s [online sustainability reporting library](#).

