

Strong foundations
Positive momentum

Disclosures on
Management
Approaches 2018

10 years
being listed
as Dexus



Contents

Managing Material Aspects

The Global Reporting Initiative (GRI) Standards prescribes organisations to disclose details of their approaches to managing material topics identified through the materiality process and reported under material topics within their GRI content index. These Disclosures on Management Approaches, or DMAs, are intended to give the organisation an opportunity to explain how the economic, environmental and social impacts related to material topics are managed.

DMAs provide narrative information on how Dexus identifies, analyses, and responds to its actual and potential material economic, environmental and social impacts. DMAs also provide context for the performance reported by Indicators.

Dexus views many of its material topics to be interrelated and has prepared the following DMA documents describing its management approach:

Material topic	Disclosure on Management Approach	Reference
Tenant attraction and retention	Customers and Community	Page 3
Community contribution	Customers and Community	Page 3
Talent attraction and retention	People and Culture	Page 13
Workplace health and safety	People and Culture	Page 13
Sustainable procurement	Supply Chain	Page 26
Transparency	Governance	Page 37
Resource efficiency and waste	Environment	Page 49
Climate change impacts	Environment	Page 49
Financial performance	Operating and Financial Review	2018 Annual Report
Market volatility	Operating and Financial Review	2018 Annual Report

Each DMA describes the relevant material issues, Dexus's governance structure and management approach to address these issues, stakeholder engagement and continuous improvement processes.

Document Control Log

Version	Document Owner	Author	Approving Authority	Approved Date
1	Sustainability	Rob Sims	Senior Management – Heads of Business	30 Jun 2015
2	Sustainability	Rob Sims	Senior Management – Heads of Business	21 Sep 2016
3	Sustainability	Rob Sims	Senior Management – Heads of Business	29 Aug 2017
4	Sustainability	Rob Sims	Senior Management – Heads of Business	05 Sep 2018



Customers and community

1. Introduction

Dexus owns and manages a diverse property portfolio including office, industrial, retail and healthcare properties around Australia, comprising more than 4,900 customers. Dexus customers vary in size from small businesses to major corporate and government organisations including:

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

In addition to providing services for its customers, Dexus interacts with the broader community across its portfolio in the communities in which it operates.

Dexus's most material customer-related issues are:

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

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

Dexus's most material community-related issues are:

- **Health and safety, and wellness:** Dexus has a duty of care to ensure its properties are safe and have healthy working and recreational environments. Dexus promotes community health and wellbeing through community programs and design, construction and property management
- **Community investment and wellness:** Dexus is a major stakeholder in the communities in which it operates, Dexus invests in the community via corporate giving, community collaborations, community partnerships, local employment opportunities, providing spaces servicing the wider community and delivering on infrastructure for the benefit of communities

The boundary for these issues encompasses charity and not-for-profit partners, and communities surrounding properties within the Dexus group portfolio with impacts felt across Dexus and the local communities in which it operates.

2. Management objectives and goals

Dexus addresses customer-related material issues through the following objectives:

- Track market volatility and underlying drivers through ongoing research and market analysis
- Adopt a forward leasing strategy designed to manage volatility and deliver stable investor returns
- Secure pre-commitment agreements from new customers and rent guarantees from developers in managing risk for new developments
- Maintain service excellence to attract and retain high quality customers through volatile periods
- Deliver the best customer experience in Australian real estate through the Dexus customer promise
- Provide safe and productive working and recreational environments
- Maximise building operational efficiency to reduce resource usage and waste, while maximising customer safety, comfort and amenity

Customers and community



Dexus addresses community-related material issues through the following objectives:

- Enhance community engagement through employee volunteering which assists charities supporting children and young families, animal welfare, the homeless and land care organisations
- Support charities and community organisations through facilitating events in its office foyers and within retail centres, and raise awareness through community portals
- Provide safe, productive work and recreation environments, with high standards of occupational, health and safety, security and indoor environment quality
- Encourage community wellness by providing access to wellbeing offerings through building amenities, community portals and fitness programs

2.1. Dexus's commitments and targets

Each year Dexus sets, reviews and updates corporate commitments within its responsible investment framework following input from Dexus stakeholders. Commitments are defined under each of five Sustainability Approach objectives and approved by the Board.

Refer to the 2018 Annual Online Reporting Suite for details of [FY18 achievements](#) against current commitments and forward-looking [FY19 commitments](#).

2.2. Dexus Customer Promise

Dexus's aspiration is to be a world leading property manager, renowned for customer centricity and consistently outperforming industry benchmarks.

To help deliver customer satisfaction and engagement and drive performance, Dexus has developed three customer promises.

Dexus's customer promise is to:

- Listen, understand and respond to customer needs. Dexus seeks to understand its customers' businesses to be able provide proactive solutions and become strategic partners.
- Make things 'simple and easy'. Dexus's continuous improvement stems from seeking feedback, being flexible and striving to make the everyday accessible, convenient and seamless.
- Innovate to enrich customer experience. Dexus is committed to investing in the development of its people, services and products to enrich the customer experience.

These customer promises drive the way in which Dexus operates, contributing to the goal to be a workspace partner of choice.



3. Management approach

Dexus takes a customer focused approach to attract and retain high quality customers for the long term. This enables Dexus to maintain stable returns through the property cycle.

Dexus applies the following structure and approach towards customers and the community:

Customers and Community governance		
Board		
Group Management Committee	Property Executive Committee	
Delivery teams Customer and Marketing Office and Industrial Retail management Sustainability People and Communities Risk and Compliance Research		
Management approach		
Policy and commitments Work Health, Safety and Liability Statement Corporate Responsibility Community Complaints Policy Dexus Customer Promise		
Sustainability Approach		
Workspace Dexus Customer experience strategy	Community investment	Active property management
<ul style="list-style-type: none"> - Customer service - Engagement and satisfaction - Concierge service - Workspace Dexus customer products and services - Workspace building portals - Customer amenities including end of trip facilities and wellness rooms - Dexus Response Centre - Dexus Place - Health and wellbeing 	<ul style="list-style-type: none"> - City partnerships - Connecting with local communities - Local job creation - Corporate donations - In kind support - Volunteering - Community event partnerships and sponsorships 	<ul style="list-style-type: none"> - Green leasing - Wellplace - Occupant health and safety - Building risk management - Building environmental ratings - Environmental management system - Continuous improvement targets - Flexible Space - Community Managers - Research
Monitor and measure		

4. Management framework

4.1. Sustainability Approach

Dexus's Sustainability Approach incorporates the UNPRI 'six principles' relating to responsible investment and active property management. The approach is aligned with Dexus's corporate strategy through its overarching goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across its value chain."

This framework incorporates five objectives which describe the goals of Dexus's stakeholder groups, while the three themes are a frame of reference for initiatives and programs.

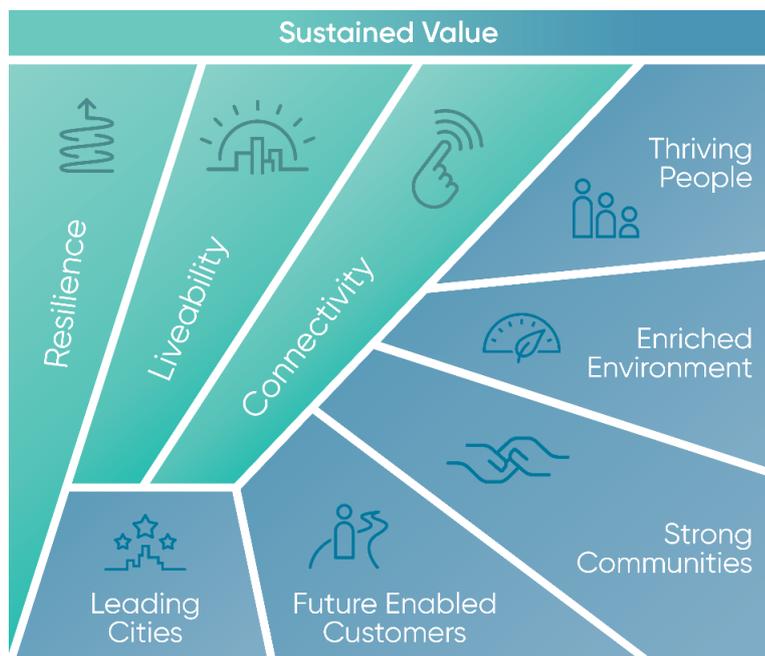


Key themes:

Connectivity - using technology to enable connectivity between people and places and smart operations of Dexus's business and buildings

Liveability - creating vibrant, inspiring and flexible work places which enhance productivity and foster the wellbeing of employees and customers

Resilience - increasing resilience so that buildings and spaces are adaptive and customers and Dexus can prosper over the long term



Together, the three key themes and five objectives form the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Customers and community are central to this Sustainability Approach, represented within the Leading Cities, Future Enabled Customers and Strong Communities objectives. These objectives are delivered through five implementation approaches:

1. Partnering with customers to meet their needs and deliver exceptional customer service
2. Community – creating a hub for building occupants and visitors through events, concierge services and sustainability initiatives facilitated by community managers and retail onsite centre management teams
3. Products and services - providing a range of value added services at its properties to support comfort and productivity
4. Customer insights – connecting with customers to collect and respond to their feedback, as well as provide them with relevant information and services
5. Intelligent buildings – operating safe, efficient, connected, high-performing assets. For example, efficient lighting, security and accessibility

5. Implementing our management approach

5.1. Policies and procedures

Dexus policies guide employees through workplace and community-wide issues. These policies include:

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

Refer to the Dexus website for publicly available [Board](#) and [Corporate](#) policies.

These policies describe Dexus's position and guide employees on their conduct and behaviour relating to health and safety, civic duty, community engagement, volunteering, philanthropy, process to dealing with a genuine grievance or complaint.

Dexus's intranet provides additional guidance to employees about the use of policies, process workflows, escalation processes and governance structures. Employees are periodically assessed for their knowledge of these policies.



5.2. Workspace Dexus

Workspace Dexus is a commitment to a better customer experience and the creation of sustainable communities where businesses choose to stay, and new customers want to be.

Dexus has used its understanding of customers' needs to create a suite of products and services that make Dexus buildings a great place to be.

Dexus's products add value to its customers' businesses beyond what other properties can offer by making their workspace more connected, easier and convenient, supported by products and services designed to make their workspace smarter.

Through Workspace Dexus, Dexus provides a coordinated, integrated and enhanced customer experience to maintain high levels of customer satisfaction. Dexus aims to exceed customer expectations and create brand loyalty that underpins superior asset and portfolio performance.

The integrated offering that is Workspace Dexus includes:

- Five-star service: Providing customers with a hotel-style concierge, onsite building management, 24/7 building security and 24/7 customer response centre
- Intelligent buildings: operating safe, efficient, connected, high-performing assets. For example, efficient lighting, security and accessibility
- Customer solutions, including:
 - Parking solutions: Flexible car park options, including onsite GoGet vehicles and a DIVVY partnership that connects customers with secure car parking spaces in the CBD areas
 - Wellplace: Enhances customer health and wellbeing by providing simple and easy access to a suite of health and wellbeing services, offerings and amenities within the buildings and across community portals. Offerings include end-of-trip facilities, bike servicing and maintenance, and fitness activities
 - Childspace: A priority access to childcare in premium early childhood centres.
- Building Community Portal: Delivers a leading customer experience by providing customers with a place to connect. The portal provides customers with hyper-local content with simple and easy access to amenity, exclusive discounts and offers, events and networking opportunities, access to health and wellness and building specific information
- Fit-outs: Supporting new customers to fit out their work place via customer fit out guides and access to preferred suppliers. Dexus has adopted the Better Building Partnerships fit out guides to increase reusability and decrease waste to landfill
- PLATFORM: Providing value adding services to deliver a positive experience for customers through health and well-being campaigns, and increased convenience and social networking activities
- Comfortable, sustainable buildings: Active management of building services including lighting, air conditioning, lifts and car parks to minimise resource use to deliver high performing buildings that create a more comfortable environment while reducing direct costs to customers

5.3. Occupant health, safety and wellbeing

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

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

Dexus promotes occupant wellbeing by delivering healthy, productive working lifestyles and environments to employees, customers and communities.

Dexus actively manages building performance with regard to accessibility and vibrancy, indoor environment (internal temperature, humidity and air quality), acoustics, access to natural light etc to create comfortable indoor working environments while maximising health and productivity.

Dexus believes it has an important role in enhancing the health and wellbeing of its customers - both in communities and its value chain. A truly sustainable building integrates environmental and social elements by providing a healthy physical environment.

Customers and community



As such, Wellplace is an important inclusion within Dexus properties by increasing access to wellbeing opportunities to create healthy, enriched, productive communities. Through Wellplace customers have simple and easy access to a suite of health and wellbeing services, offerings and amenities within the buildings and via online community building portals.

Through customer online portals, Dexus interacts with over 36,000 building occupants to assess their needs and offer health and wellbeing services including end of trip facilities, health and fitness classes, and an online health and wellness library.

Dexus applies the following structure to Wellplace, the founding pillars informing the Wellplace offerings:

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

5.4. Leasing approach

Dexus takes an active leasing approach to drive portfolio performance and reduce forward lease expiry. Dexus takes a portfolio view on forward leasing, providing flexibility to accommodate customers' needs within the group portfolio. This approach assists in customer retention and minimises downtime between leases.

Dexus played a leading role in developing the Better Building Partnership's (BBP's) green leasing standard and Gold Lease badge, which defines a best practice approach for building owners and occupants to collaborate on sustainability initiatives, encourages information sharing and cooperation and removes barriers to implementing mutually agreed improvements over time.

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

5.5. Flexible space

Dexus continually develops workspace solutions that embrace customers' demands for flexibility. Dexus customer solutions include:

- Dexus Place: Purpose built, state-of-the art meeting, training, conference and research facilities designed to be an extension of customers' workspace and provide a more cost-effective way to connect
- Suite X: Provides greater flexibility in tenure and space with modular design enables reusability of the fit out and achieves cost efficiencies

5.6. Investing in local communities

Dexus's community investment program aligns with the Group's Sustainability Approach 'Strong Communities' objective. Dexus actively supports local communities through:

- Community engagement: Corporate giving including donations, sponsorships, event partnerships, in-kind support and volunteering
- Connecting with local communities: Connecting with customers and communities across Dexus retail centres, collaborating with local councils, chambers of commerce and industry groups on community issues
- Community hubs: Creating community hubs for work and recreation at Dexus's sub-regional shopping centres and across the city retail precincts which are connected to CBD office properties

Customers and community



- Community safety: Interacting with local authorities and the community to proactively maintain safe precincts. Retail centre management works with at-risk youth through local youth groups and schools to take steps towards building safer communities
- Community investment: Consulting with the community on new developments and refurbishments to address community concerns, and for new developments incorporating features that benefit customers and the community
- Creating vibrant working environments: Connecting with customers at a property level to make their office and industrial buildings and the communities they serve vibrant and safe
- Activating public spaces: Creating vibrant spaces and experiences, using placemaking to bring the community together
- Supporting women: Empower women in the property industry through hosting events within the property community to raise awareness of gender equality and unconscious bias to urge action

5.7. Meeting customers' sustainability needs through active property management

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

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

Operational performance is benchmarked using NABERS and Green Star Performance sustainability ratings schemes. Specialist systems support the identification and rectification of issues in buildings' mechanical systems to ensure that optimum building performance is maintained.

Refurbishments consider energy efficiency and environmental impacts of products and services. Dexus engages with customers on sustainability upgrades in buildings and how to best achieve efficiencies in their tenancies and provides fit out guides that consider the use of sustainable products and whole life costings.

5.8. Research

Sound investment decisions require an in-depth understanding of real estate markets. Dexus's in-house research team is an integral part of the investment decision-making process. Research tracks economic conditions and forecasts real estate market performance in all major commercial, retail and industrial property markets nationwide.

Dexus publishes regular reports on market trends and risks/opportunities that may affect investment decisions. The sharing of views on market trends with stakeholders is a key point of differentiation in Dexus's approach to responsible investment.

Further information regarding Dexus Research and copies of recent reports can be found at www.dexus.com/research



6. Stakeholder engagement

Dexus engages with stakeholders to evaluate the effectiveness of its facilities management services and identify areas of improvement.

Stakeholder	Engagement approach
Customers- service excellence	<p>Several engagement mechanisms are employed to provide regular and open customer feedback including:</p> <ul style="list-style-type: none"> – On-site concierge interacts with customers daily, servicing their requests and gathering customer feedback – Feedback is obtained on service requests via Dexus’s 24/7 customer service response service – Customer portals create building-centric digital communities where customers can find out the latest news, events and special offers available – An annual customer survey provides valuable feedback of customer priorities and key issues, and the overall customer satisfaction score is reported in the Annual Report – Bi-annual Workspace Dexus surveys increase the ability to understand customer segmentation, seek feedback on current offerings and gain insights on property management. Dexus captures customer behaviour such as means of transport and what services customers desire
Customers – relationship management and health and safety	<p>Dexus also interacts with customers through forums including:</p> <ul style="list-style-type: none"> – Risk management activities including building evacuation procedure awareness and drills – Customer and centre newsletters – Customer sustainability forums – Customer portals and property micro-websites – 24/7 customer service response service – Direct contact with Dexus facilities management to maintain effective workplace health and safety including: <ul style="list-style-type: none"> – Regular meetings with customer representatives – Quarterly Work, Health, Safety and the Environment (WHS&E) meetings with base-building contractors – Direct access to nominated WHS&E Coordinators/Risk Managers – Issues or hazard reporting <p>Regular Risk Alerts notifications communicated via the Dexus Response Centre</p>
Cities	<p>Dexus takes an active role in contributing to the Australian cities in which it operates, engaging with local councils and chambers of commerce to achieve the best outcomes for customers and the wider community, enhance the permeability and vibrancy of precincts through activation of retail areas, office lobbies and laneways, and connect people with places</p>
Charities and not-for-profit organisations	<p>Dexus engages with and support not-for-profit charities through in-kind volunteering and monetary donations; promoting them through building portals and donating space within lobbies for fundraising activities</p>
Industry associations	<p>Dexus is a member and key contributor to various industry associations including the Property Council of Australia, Shopping Centre Council of Australia, Green Building Council of Australia and the Sydney-based Better Buildings Partnership. Through these associations Dexus collaborates with peers and policy makers on industry reform and environmental and social sustainability topics</p>
Suppliers	<p>Dexus engages with like-minded suppliers on sustainability practices. Dexus works with preferred building services providers and equipment vendors to select best-of-breed products to meet environmental performance and quality expectations</p>

Feedback that becomes a formal grievance is addressed through Dexus’s Complaints Policy. Further details are available in the [Governance Disclosure on Management Approach](#).



7. Evaluation and process improvement

Dexus uses the following key performance indicators to measure the performance of its customer service approach. Annual targets for customer satisfaction and retention drive leasing and engagement strategies.

Material issue	Objective	KPI measure
Customer attraction, satisfaction and retention	Deliver exceptional customer service	<ul style="list-style-type: none"> Customer satisfaction rating with the property manager (1 to 10 scale) Customer satisfaction rating with the property (1 to 10 scale) Net Promoter Score (NPS)
	Building performance	<ul style="list-style-type: none"> NABERS Energy and water portfolio ratings, which are measured on a scale of 0 to 6 stars, as defined within the National Australian Built Environment Ratings Scheme (NABERS) Green Star Performance ratings administered by the Green Building Council of Australia (GBCA)
	Portfolio customer retention rate	<ul style="list-style-type: none"> Proportion of customers retained within the Dexus portfolio Likelihood to renew (1 to 10 scale)
	Customer engagement on sustainability	<ul style="list-style-type: none"> Take up of Green Lease clauses within leases
Market volatility	Active forward leasing	<ul style="list-style-type: none"> Weighted average lease expiry
	Minimise building vacancy	<ul style="list-style-type: none"> Vacancy rate: vacant area as a proportion of lettable area

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

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

Dexus uses the following key performance indicators to measure the benefit of its community engagement program.

Material issue	Objective	KPI measure
Community engagement	Corporate giving	<ul style="list-style-type: none"> Financial value of cash donations to charitable organisations
	Donation of Dexus space to charitable organisations	<ul style="list-style-type: none"> Financial value of space provided for use charitable organisations
	Encourage employee volunteering	<ul style="list-style-type: none"> Total community volunteering hours and percentage participation of all Dexus employees



7.1. Process improvement: customers and community

Dexus takes the following approach to drive process improvements:

- Sets annual commitments for the upcoming year based on Dexus's material issues and Sustainability Approach priorities, which in turn drive improvements in processes
- Works collaboratively with industry associations, peers and specialist consultants to understand market trends and identify performance improvement opportunities
- Continuously reviews incidents and identifies changes in processes to prevent incidents from recurring
- Promotes ongoing innovation to enhance customer experience



People and culture

1. Introduction

Dexus recognises the direct relationship between the capability of its people and the success of its business. Dexus's ability to harness the expertise of its employees and commitment to delivering excellence creates value and builds strong relationships with customers and other stakeholders. This aids long-term growth and success.

The most material issues related to Dexus's workforce are:

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

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

2. Management objectives and goals

Dexus promotes communication and transparency throughout the business to ensure its people are aware of the goals and outcomes required to deliver the group's business strategy and progress key objectives.

Dexus's employee-related goals are to:

- Develop a high-performance and constructive culture
- Provide a safe and enjoyable workplace where people are engaged, learning and thriving, and recognised and rewarded for their achievements
- Enhance Dexus's industry standing and help deliver sustained value

To deliver these objectives, Dexus has five strategies:

1. Foster a diverse and inclusive culture and a safe working environment
2. Develop great leaders
3. Design an exceptional employee experience
4. Enhance the People & Communities function to enable employees to be at their best
5. Engage, retain and attract the right people



Dexus’s commitments and targets

Each year Dexus sets, reviews and updates corporate commitments within its responsible investment framework following input from Dexus stakeholders. Commitments are typically defined with respect to each of five Sustainability Approach objectives and are approved by the Board.

Refer to the 2018 Annual Online Reporting Suite for details of [FY18 achievements](#) against current commitments and forward-looking [FY19 commitments](#).

Dexus is committed to building a unique culture and set of organisational and people capabilities that differentiates it from its peers. Dexus evaluates success in meeting this commitment to customers, employees and investors, by consistently outperforming global industry benchmarks in employee sustainable engagement. Dexus is dedicated to providing a safe work and healthy environment and has committed to a target of zero fatalities.

3. Management approach

Employee management is delivered by the People & Communities and Risk and Compliance teams. The People & Communities team coordinates the attraction, recruitment, training and development, welfare management, engagement, inclusion and satisfaction of employees. The Risk and Compliance team oversees employee-related policies and the compliance management framework which maintains an ethical workplace free from harassment, bullying, bribery and corruption.

Dexus applies the following structure and approach to managing its employees:

People and Culture related governance		
Dexus Board Board People & Remuneration Committee		
Group Management Committee Corporate Responsibility, Inclusion & Diversity Committee		
Chief Financial Officer	General Counsel and Company Secretary	
People and Communities team	Risk and Compliance team	
Management approach		
Sustainability Approach	People and Culture strategy	Dexus Values
Policies Employee Code of Conduct Diversity and Inclusion Principles Work Health, Safety and Liability Whistleblower Training and Education Workplace Behaviour Leave Domestic Violence Leave Workplace Diversity, Inclusion and Equity Policy		
Business procedures		
People and Culture	Communities	Risk and Compliance
<ul style="list-style-type: none"> - Employee engagement and experience - Talent acquisition - Talent management - Learning and development - Reward and recognition 	<ul style="list-style-type: none"> - Culture management - Wellbeing communities - Business excellence 	<ul style="list-style-type: none"> - Health and safety management system
Monitor and measure		



4. Management framework

4.1. Sustainability Approach

Dexus's Sustainability Approach incorporates the UNPRI 'six principles' relating to responsible investment and active property management. The approach is aligned with Dexus's corporate strategy through its overarching goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across its value chain."

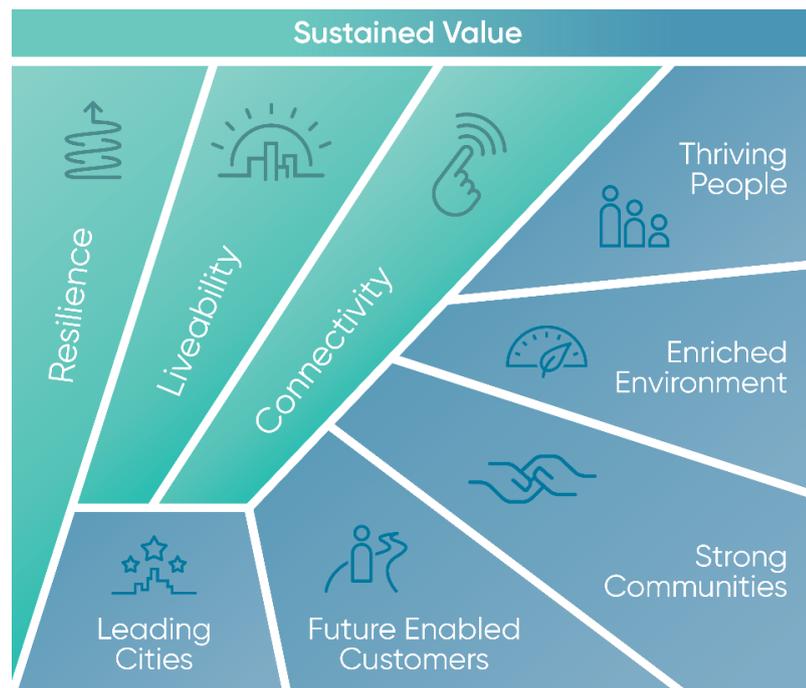
This framework incorporates five objectives which describe the goals of Dexus's stakeholder groups, while the three themes are a frame of reference for initiatives and programs.

Key themes:

Connectivity - using technology to enable connectivity between people and places and smart operations of Dexus's business and buildings

Liveability - creating vibrant, inspiring and flexible workplaces which enhance productivity and foster the wellbeing of employees and customers

Resilience - increasing resilience so that buildings and spaces are adaptive and customers and Dexus can prosper over the long term



Together, the three themes and five objectives form the basis from which sustainability commitments and targets are formed, and how achievement is measured.

The Dexus People and Communities team works for the benefit of employees as part of the group's Thriving People objective.

4.2. People and Culture strategy

The Dexus People and Culture strategy is to:

1. Create a great place to work where people are engaged, learning and thriving
2. Build a high performing and constructive culture by attracting, engaging and retaining the best people
3. Foster an inclusive workplace environment by leveraging workforce diversity, and designing exceptional employee experiences to enable employees to be at their best
4. Create and align the Dexus workforce to deliver business strategy and achieve business outcomes

The Group Management Committee is the leadership team responsible for delivering this strategic direction. The Chief Financial Officer has overall operational accountability for Dexus's employment, labour management, training and education policies.



4.3. Dexus's values

Dexus's Values define the approach it takes to doing business. They underpin the group's high-performance culture and provide employees with a common focus, understanding and language for the individual and team behaviours that are valued most.

1. Excellence: Doing a great job
2. Integrity: Doing the right thing
3. Empowerment: Enabling others
4. Innovation: Thinking differently
5. Collaboration: Working and growing together

5. Implementing our management approach

5.1. Policies and procedures

Dexus policies guide employees through workplace issues. These policies include:

- Employee Code of Conduct
- Human Rights Policy
- Diversity and Inclusion Principles
- Workplace Behaviour Policy
- Flexibility Policy
- Training and Education Policy
- Workplace Diversity, Inclusion and Equity Policy
- Press and Media Policy
- Work Health, Safety and Liability Statement
- Whistleblower Policy
- Privacy Policy
- Security Trading Policy

Refer to the Dexus website for publicly available [Board](#) and [Corporate](#) policies.

These policies describe Dexus's position and guide employees on their conduct and behaviour relating to workplace behaviour, health and safety, discrimination, harassment, bullying and victimisation, drugs and alcohol consumption, civic duty, community engagement and volunteering, and counselling and employee advisory support.

Dexus's intranet provides additional guidance to employees about the use of policies, process workflows, escalation processes and governance structures. Within Dexus's compliance program, employees are periodically assessed for their knowledge of these policies.

Dexus welcomes new employees through an onboarding process which includes a Starter Pack to assist them to settle into their role, and compliance training to help them to understand group policies and procedures. New employees are also:

- Inducted to Dexus strategy, values, policies and practices through a workflow management system designed to optimise the employee and manager experience
- Required to attend induction training facilitated by People and Communities
- Welcomed by their team members and their profile is socialised via the Dexus intranet

5.2. Diversity and inclusion

Dexus's diversity and Inclusion (D&I) vision is to foster an inclusive and constructive culture, which enables its people to leverage diversity as a strategic business advantage and feel safe to be themselves to work.

People and culture



To achieve this vision, Dexus is committed to attracting and retaining a diverse workforce that is tolerant, flexible and adaptive to the changing needs of the environment. This aligns with corporate strategy and sustainability objective of thriving people.

Dexus's D&I framework describe the stakeholders for whom it collaborates to deliver diversity initiatives, as well as the levers used to drive positive change. This approach applies to Dexus employees as well as the Board.

Diversity and inclusion framework

Focus Areas:

- Demographic groups or initiatives requiring priority attention

Strategic Levers:

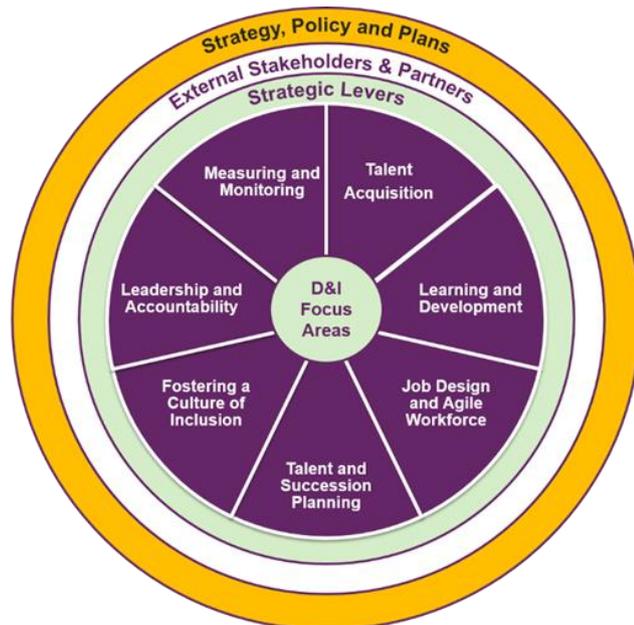
- Organisational characteristics available to drive positive change in priority D&I areas

External Stakeholders & Partners:

- External groups impacted by Dexus D&I outcomes including customers, investors, partners and the community. Progress toward D&I objectives creates shared value for Dexus and its stakeholders

Strategy, Policy and Plans:

- Outlines the short and long-term objectives for D&I at Dexus. Annual D&I plans set out priority initiatives and targets to achieve objectives



Dexus's Corporate Responsibility, Inclusion and Diversity Committee is chaired by the CEO to promote workforce diversity and to further the group's community commitment. The Committee oversees Dexus's corporate responsibility programs and leads inclusion and diversity activities.

The Board sets diversity targets and monitors progress against these targets through the People & Remuneration Committee.

Dexus frequently engages with employees to get their views on promoting and managing diversity. Policies and practices with diversity principles include the Workplace Diversity, Inclusion and Equity Policy, Flexibility Policy, Recruitment Compliance Policy, reward and recognition programs, talent management processes, learning and development programs, work-life balance and flexible work practices. These policies and processes are reviewed annually.

Dexus recruits based on merit, so that the most appropriately qualified and experienced person is employed for each role. Dexus does not tolerate discriminatory behaviour in recruitment or people management processes and practices. All managers involved in recruitment and selection processes are appropriately supported and trained. Professional intermediaries are also made aware of the group's diversity commitment where they are retained.

Dexus reports quarterly workforce demographics on the diversity profile of the Board and senior management and of staff. This includes a breakdown of role type and seniority by gender and age, along with other demographic areas available for reporting from employee opinion surveys as available.

Diversity and inclusion strategy

Dexus has developed a Diversity and Inclusion Strategy that looks to embrace diversity on the basis of gender, race, age, disability, sexual orientation, nationality, education, style, work experience, family responsibilities, profession and personality. These differences all influence the unique perspectives that Dexus employees bring to the workplace.

Dexus recognises that an inclusive and diverse workforce will enable it to attract and retain the best people. The Dexus Diversity and Inclusion Strategy aims to sustain an engaged, healthy, and high performing culture that enables Dexus employees to reach their full potential.



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

Dexus undertakes the following initiatives to enhance inclusion, strive for equality and equity, and assist employees in maintaining effective work-life balance:

Initiative	Actions
Gender equality and pay equity	
Male Champions of Change	<ul style="list-style-type: none"> – Darren Steinberg, Chief Executive Officer, champions gender equity with the property industry as part of the Male Champions of Change program. – Darren is actively involved with other property CEO’s to drive gender equality and increase female representation at senior levels – Dexus is encouraging gender balanced forums and panels for internal and external events, as well as encouraging Dexus’s external partners, suppliers and conference organisers to adopt Dexus’s approach.
Gender diversity targets	<ul style="list-style-type: none"> – Dexus’s diversity commitment includes establishing measurable diversity objectives. Dexus achieved its initial gender targets for 33% female participation by Non-Executive Directors and at senior management level by 2017 – Dexus has set a new gender equity target of 40/40/20 (40%female, 40% male and 20% either/other) in senior management roles by 30 June 2021
Pay Parity	<ul style="list-style-type: none"> – Dexus is committed to closing the pay gap between males and females and has achieved equal pay in like-for-like roles
Paid parental leave	<ul style="list-style-type: none"> – Dexus supports new parents and through its Parental Leave Policy – Dexus provides paid parental leave and continuity of superannuation throughout unpaid parental leave to assist employees to manage their personal and work commitments. Dexus also supports a smooth transition from full-time parenting to returning to work, either part-time or full-time.



Girls in Property	<ul style="list-style-type: none"> - Dexus launched 'Building a Future in Property' a property career expo targeting women interested in working for the property industry alongside industry peers. - Dexus supported the Property Council of Australia's campaign to raise awareness and encourage greater female participation in the property industry to foster a sustainable pipeline of talent for the growing industry
Inclusion	
Dexus Circles	<ul style="list-style-type: none"> - Dexus Circles are a networking opportunity that allows people from across the business to meet and share experiences, ideas and to problem solve in a friendly, encouraging and respectful environment.
Wellbeing communities	<ul style="list-style-type: none"> - Internally, Dexus has established six "Wellbeing Communities" to research, decide and implement employee programs
Harmony Day	<ul style="list-style-type: none"> - Dexus celebrates cultural diversity on Harmony Day which coincides with the United Nations International Day for the Elimination of Racial Discrimination
NAIDOC Week	<ul style="list-style-type: none"> - NAIDOC Week is celebrated annually to remember and recognise the history, culture and achievements of Aboriginal and Torres Strait Islander people - Dexus participated in the Share-A-Book program where books are donated to indigenous, refugee and marginalised communities
Employee assistance	
Flexible working	<ul style="list-style-type: none"> - Dexus strives to create a work environment which encourages and promotes a healthy work-life balance and offers flexible working hours to support this. - Dexus has introduced a Flexible Work Policy, enabling staff to arrange flexible working arrangements with their manager. - This policy seeks to increase personal wellbeing and employee engagement, improve team performance and motivation, maximise productivity and retain talent
Childcare placement	<ul style="list-style-type: none"> - Childspace is an industry first initiative that offers priority of access to childcare spaces for Dexus customers and employees at over 90 Guardian Early Learning Centres nationally
Acting on domestic violence	<ul style="list-style-type: none"> - Dexus promotes awareness of domestic violence and its impacts on victim's health and safety, their wellbeing and their productivity - Dexus has introduced a Domestic Violence Leave Policy, to provide Domestic Violence leave and the Employee Assistance Program to employees who need help to break these patterns of behaviour - Dexus supports White Ribbon Day, the International Day for the Elimination of Violence against Women
Employee assistance program	<ul style="list-style-type: none"> - Dexus provides a confidential counselling service for employees and their eligible family members

5.3. Workplace health, safety and wellbeing

Health and safety

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

Dexus implements a comprehensive workplace health and safety program that is certified under OHSAS 18001, an internationally applied standard for occupational health and safety management systems. Through this system, Dexus comprehensively monitors the health and wellbeing of employees and

People and culture



manages solutions to prevent workplace incidents. Dexus's support goes beyond minimum compliance and reflects the group's commitment to employee wellbeing. Dexus provides structured counselling and employee advisory services to support employees and manage mental health issues.

Health and safety programs are subject to annual external audit and improvement plans are monitored by the Risk and Compliance team and the employee Work Health Safety and Environment Committee. Health, Safety and Environment are also overseen by the Board Risk Committee and the Board.

To maintain Dexus's strong risk, safety and organisational culture Dexus has embedded WH&S into the Group's scorecard through a safety audit score and standing target of zero fatalities.

Wellbeing

Dexus recognises the impact a person's time at work can have on their lifestyle and aspires for its people to be fit, healthy and engaged. To make a positive and lasting impact on Dexus employees' lives, Dexus established Wellbeing communities to:

- Develop healthier minds and bodies
- Create an inclusive and diverse culture
- Build sustainable workspaces for the future
- Enhance professional capabilities

The Wellbeing Community Framework is centred around wellbeing communities led by people from all levels and locations across Dexus, who are empowered to make positive changes in the key areas of:

- Diversity & Inclusion
- Mind, Body & Nutrition
- Workplace & Social
- Professional Development
- Employee Benefits and Recognition
- Corporate Responsibility

Enthusiastic committee members coordinate many wellbeing initiatives (Fitbit challenges, educational speakers), including Wellbeing and Safety Month, dedicated to promoting wellbeing and safety respectively in the workplace. Events have included presentations by a nutritionist on healthy eating and a chiropractor on spinal health, postural screenings and health checks. #chatdexus was developed as an interactive online platform enabling employees to collaborate, share ideas, knowledge and tips in an open forum. The platform provides:

- An efficient and strong avenue to engage with the business
- Provide a channel for staff to connect with each other on customer events and across all locations
- Increase awareness of group-wide initiatives, promote successes and increase interest in Wellbeing Communities

5.4. Training and professional development

Dexus designs and implements a comprehensive learning and development curriculum to build employees' skills, knowledge and experience to deliver business objectives. The Training and Education Policy outlines the framework for training employees with a focus on:

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

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



Training and development plans are prepared and implemented to maintain and update employee skills and knowledge. Activities include executive coaching, a mentoring program, study assistance and a talent management process designed to foster employee development. Dexus also sponsors several employees to complete their undergraduate and postgraduate courses, management and vocational qualifications.

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

5.5. Leadership development

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

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

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

5.6. Employee attraction and retention

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

Dexus's recruitment model incorporates the following aspects:

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

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

Employee benefits

The Employee Benefits and Recognition community surveyed employees to understand what motivates them and what they value. The feedback showed that people value time, flexibility, and health and wellbeing. In response Dexus has introduced the following benefits:

- Wellbeing Subsidy is a monthly allowance included in the monthly sum to put towards wellbeing activities
- Five 'Dexus Days', available as additional leave, is provided each year to enhance work-life balance

These supplement existing benefits such as:

- Flexible work arrangements to assist employees achieve a genuine balance between work, health, family and personal commitments
- Employee Securities Ownership Plan where permanent employees are gifted with \$1000 worth of Dexus securities each year
- Subsidised life and disablement insurance
- Deals and discounts through partnerships such as Divvy and GoGet
- Volunteer day is a paid day each year to provide employees with the opportunity to give back to their community of choice

5.7. Employee performance management

Employees undertake ongoing check-ins with their managers to:

- Evaluate progress against targets and objectives

People and culture



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

Dexus adopts a Balanced Scorecard methodology to manage executive and employee performance. These measure contribution and achievements against threshold as well as stretch and outperformance targets. Scorecards also motivate all leaders and employees to strive for outperformance with their teams.

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

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

5.8. Reward and recognition

Dexus recognises and rewards employees who contribute to the success and growth of the organisation. Dexus's remuneration structure is based on:

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

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

5.9. Human rights, fair work and management of grievances

Dexus respects the principles incorporated in the Universal Declaration of Human Rights. Dexus supports the rights of employees, contractors, customers, investors and suppliers to freedom of expression, sexual belief and sexual orientation and gender identity.

Dexus rejects the use of forced or child labour and strives for fair treatment and equity in the workplace. Dexus's Human Rights policy outlines commitments to sustainable procurement, indigenous rights, equal opportunity and relevant legislation. Dexus reviews and monitors human rights against the policy internally and with key service providers and business partners.

Human rights due diligence

The People and Culture team utilise a human rights due diligence process outlined in the People and Culture manual during the onboarding process as part of assessing human rights violation risks in Dexus's operations. The process includes an identity check and visa status and outcomes of the due diligence process influence Dexus's hiring decision. Any material issues such as a candidate's inability to evidence their right to work will lead to the abandonment of potential employment.

Dexus has a human right training module as part of ongoing compliance training. The People and Culture team conducts ongoing pulse surveys to identify any maltreatment of staff and regularly reviews the visa status to confirm employees right to work status in accordance with Australian law.

The People and Culture team conduct a quarterly assessment to proactively respond to emerging issues such as:

- Addressing the gap in superannuation to women due to taking parental leave
- Review of policies and support systems available to employees suffering from domestic violence
- Providing services and support systems to employees suffering from mental health illness

Dexus conducts exit surveys for staff that move on from Dexus. Dexus uses demographic assessments and company structure to determine if there may be any underlying cultural reason contributing to the exiting of staff.



Employee grievance procedure

Dexus aims to have a workplace in which employees can raise genuine grievances and have those grievances dealt with in a sensitive and timely manner. A grievance includes any type of work related concern which an employee may have, including concerns about discrimination, harassment, victimisation and bullying.

Dexus’s grievance process emphasises conciliation to ensure that inappropriate and unlawful practices cease, and employees return to a positive work environment.

If an employee raises a grievance in good faith or participates in an investigation in connection with a grievance, they will not be the subject of retaliation or be subjected to any detriment because of their involvement in the grievance.

It is Dexus’s preference to resolve grievances informally. However, more formal steps may be used to resolve a grievance in certain circumstances, including where:

- an informal process has not resolved the grievance
- the allegations are regarded by Dexus as being particularly serious, or
- Dexus considers a formal process to be appropriate

A formal process will generally involve an investigation being conducted in a manner that Dexus considers appropriate. It is envisaged that most investigations will be conducted internally however, an external investigator may be appointed.

Whistleblower Policy

To maintain a positive and productive work environment, Dexus has implemented a Whistleblower program.

An important part of the Program is the open and honest discussion of ethical issues. Dexus encourages employees to raise problems with their Manager. Should this not be possible for any reason, employees are encouraged to raise their concerns of possible breaches of law or procedure, irregularity, compliance issue, ethical issue or anything else considered of concern with Risk & Compliance, People & Communities or Statutory Auditors.

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

6. Stakeholder engagement

Dexus engages with stakeholders to evaluate the effectiveness of its employee management and identify areas for improvement.

Stakeholder	Engagement approach
Government and Industry	<p>Dexus is a member and contributor to various industry associations. Memberships that support Dexus’s People and Culture objectives include:</p> <ul style="list-style-type: none"> - Property Council of Australia – Property Male Champions of Change, to drive gender equality, and 100 Women in Property is a program in which the participants have a sponsor that assist grow the participants industry networks, gain visibility and advocate with key influencers to enhance future opportunities and career growth - Diversity Council of Australia <p>Dexus conducts workforce reporting for:</p> <ul style="list-style-type: none"> - Workplace Gender Equality Agency (WGEA), which includes Dexus’s ongoing diversity commitments <p>Dexus employees are encouraged to attend networking opportunities, particularly those events hosted by organisations Dexus has <u>memberships or affiliations</u>.</p>
Charities and not-for-profit organisations	<p>Dexus Wellbeing communities organise events and initiatives to support and raise awareness of not-for-profit charities.</p> <p>Dexus utilises the intranet, email campaigns and the concierge services to encourage people to contribute to fundraising activities.</p> <p>Dexus organises events to encourage an inclusive and diverse workforce.</p>



Suppliers – Corporate procurement	<p>Dexus engages with like-minded suppliers on sustainability and wellbeing issues and practices.</p> <p>Dexus engages with its corporate suppliers to select products that align with Dexus’s Sustainability Approach. Engagements include:</p> <ul style="list-style-type: none"> – Partnerships for wellbeing products and services – Vending machines that align with WELL principles – Substitution towards sustainable stationary supplies e.g. NCOS certified paper – Waste to landfill reduction initiatives e.g. espresso pod recycling, keep cups provided to all employees and simply cups recycling
Suppliers - Training and development	<p>Dexus engages subject matter experts to perform keynote speeches, lead professional development training, and consults with employees one-on-one. Engagements include:</p> <ul style="list-style-type: none"> – Resilience Lunch and Learns – First Aid training – Smart Work training – Management Essentials (Coaching Clinic) – Remarkable communications – Inclusive Leadership
Employees	<p>Dexus engages with staff through a variety of forums including:</p> <ul style="list-style-type: none"> – Staff quarterly updates – Company presentations during events such as Harmony Day, NAIDOC Week, Wellbeing Month, Sustainability Week, RUOK? Day and Diamond Week – Team Updates – The intranet, including Dexus Live, #chatdexus and employee recognition – Email Communications – Workday, an online human resources management system, administered by the People and Culture team for employees to update personal details, access payslips, apply for leave, and action HR processes <p>Dexus assesses employee engagement and culture through:</p> <ul style="list-style-type: none"> – Biannual employee engagement surveys – Employee culture surveys – Pulse surveys – Focus groups – General Management Committee lunches <p>Survey results are communicated to the business and teams, with management and their teams working with the Business Excellence and Innovation team to adopt solutions to drive improvements to the work environment.</p> <p>Workers Health and Safety is of utmost priority to Dexus. Dexus ensures its staff and visitors have a safe working environment through the following ways:</p> <ul style="list-style-type: none"> – Biannual WHS Workplace Audits – Regular review and monitoring of compliance with Dexus Corporate Work Health, Safety and Environment (WHS&E) Manual – Accessible online guidelines on work health safety and environment procedures – Periskope internal property risk management tool through which staff can review audit reports, log and escalate issues and inform the Risk and Compliance team – Regular indoor environment quality monitoring – Direct access to nominated First Aid Officers



7. Evaluation and process improvement

Dexus’s employee management strategy outlines the following measures of success:

- Dexus’s great culture and people are recognised externally
- The right people want to work for Dexus and build their careers
- The culture drives performance and is aligned to investor and stakeholder needs

Dexus regularly evaluates its overall strategy and employs several mechanisms to monitor performance against strategic objectives, report progress to the Group Management Committee, and drive continuous improvements.

Dexus measures performance via the following key performance indicators. Dexus sets annual targets for employee performance to drive continuous improvement.

Material issue	Objective	KPI
Culture and Engagement	Inclusive work culture	– Workforce perception of inclusiveness
	Flexible workforce	– Workforce perception of flexibility
	Employee engagement	– Engagement rate
Diversity	Gender diversity	– Proportion of female senior management – Proportion of female board of directors
	Sector’s best in gender diversity	– WGEA Employer of Choice – Performance in industry benchmarks
	Gender pay parity	– Gender pay gap in like-for-like roles
Employment Brand	Improve brand recognition	– NPS
Work Health and Safety	Maintain a safety culture	– WH&S metrics (e.g. lost time injury frequency rate, medical treatment injury frequency rate, fatalities)



Supply chain

1. Introduction

Dexus partners with suppliers to achieve operational efficiencies, enhance customer amenity and positive environmental outcomes. Material issues that relate to Dexus's supply chain include:

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

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

2. Dexus's supply chain composition

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

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

Dexus classifies its suppliers as follows:

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

Supply chain



Main procurement categories

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

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

3. Management objectives and goals

As a signatory to the United Nations Principles of Responsible Investment, Dexus manages its supply chain to account for human rights, environmental, social and economic factors in its purchasing decisions.

Dexus rationalises suppliers where possible by identifying partners that can best meet its needs and optimise their engagement across its portfolio. This leads to fewer suppliers and closer relationships with Dexus with a greater alignment of interest. It also a greater opportunity to embed Dexus Corporate Responsibility & Sustainability (CR&S) commitments with suppliers.

Dexus's supply chain goals are to:

- Maintain an efficient procurement process operating under sound governance that achieves the best value for money, meets business requirements and delivers financial and CR&S outcomes based on a whole of life costing
- Mandate that suppliers abide by all minimum standards and laws in the countries in which they operate
- Maintain safe workplaces in line with Dexus's goal for 'no harm', safe work environments with zero fatalities



Supply chain

- Treat suppliers and contractors fairly, with respect and dignity demonstrating probity, equity and transparency
- Continue to develop and manage relationships with suppliers and contractors to encourage them to promote a best practice approach to employment practices, social outcomes and the environment
- Identify key risks and opportunities particularly in high value, high impact contracts and improve the overall impacts of the products and services Dexus procures
- Challenge suppliers to deliver tangible, innovative and sustainable solutions that deliver mutually beneficial outcomes
- Continue to assess each contract's merits against a set of sustainability principles and ensure environmental and social impacts are assessed in line with Dexus policies and objectives, emerging best practice and industry standards
- Ensure prospective and new suppliers understand sustainability-related contract criteria and requirements
- Mandate that all suppliers acknowledge and abide by the Dexus Supplier Code of Conduct
- Maintain sustainable procurement capability by engaging and upskilling employees and implementing sustainable procurement training for procurement and contract managers
- Collaborate with suppliers and seek feedback as part of contract management
- Where appropriate, increase the purchase of products that support community base charities, are carbon neutral or have a lower carbon footprint, are more efficient or meet internationally recognised sustainability performance standards
- Where appropriate, partner or encourage supplier participation in community engagement and with Dexus philanthropic activities

3.1. Dexus's commitments and targets

Each year Dexus sets, reviews and updates corporate commitments within its responsible investment framework following input from Dexus stakeholders. Commitments are typically defined with respect to each of five Sustainability Approach objectives and are approved by the Board.

Refer to the 2018 Annual Online Reporting Suite for details of [FY18 achievements](#) against current commitments and forward-looking [FY19 commitments](#).

Dexus aspires to and dedicates focus towards using its aggregate spend to positively influence its suppliers, contractors, products, services and workers. Dexus takes a long-term view to partner with its suppliers to achieve quality service by:

- Fostering a 'no harm' safe workplace with zero fatalities target, and establishing robust safety compliance systems
- Monitoring performance through regular engagement, reporting against contract key performance indicators and supported by regular contractor spot checks for service providers at each Dexus managed property
- Engaging with suppliers through self-assessments to gain a comprehensive insight into their relationship with Dexus through 360-degree feedback, how they manage their own sustainability risks and those for their most significant suppliers.

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



4. Management approach

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

Dexus applies the following governance structure and approach to manage its supply chain:

Supply chain governance		
Dexus Board and Board Risk Committee		
Property Executive Committee		
Dexus Sustainability Team	Dexus Risk and Compliance Team	Dexus/CBRE Facilities Management teams
Management approach		
Dexus Sustainability Approach		
Policies Supplier Code of Conduct Sustainable Procurement Tendering Human Rights Environment Work Health Safety & Liability Anti-bribery Conflicts of Interest Development & Construction Dexus Operating Limits Embargo		
Implementation	Documents and systems	Tools and actions
Procurement	Business procedures for procurement <ul style="list-style-type: none"> – Category standards, minimum requirements and weightings – Risk and opportunity assessment – Supplier engagement – Pre-qualification process 	<ul style="list-style-type: none"> – Tendering process – Preferred supplier panel
Supplier monitoring	Supplier code of conduct Monitoring tools: <ul style="list-style-type: none"> – SASSI contractor management system – In-house property risk management system 	<ul style="list-style-type: none"> – Project Control Group (PCG) meetings and reports – Spend analysis – Supplier self-assessments – Contractor spot checks and corrective action plans – Evaluation against contract KPIs and SLAs

4.1. Sustainability Approach

Dexus's Sustainability Approach incorporates the UNPRI 'six principles' relating to responsible investment and active property management. The approach is aligned with Dexus's corporate strategy through its overarching goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across its value chain."

Supply chain



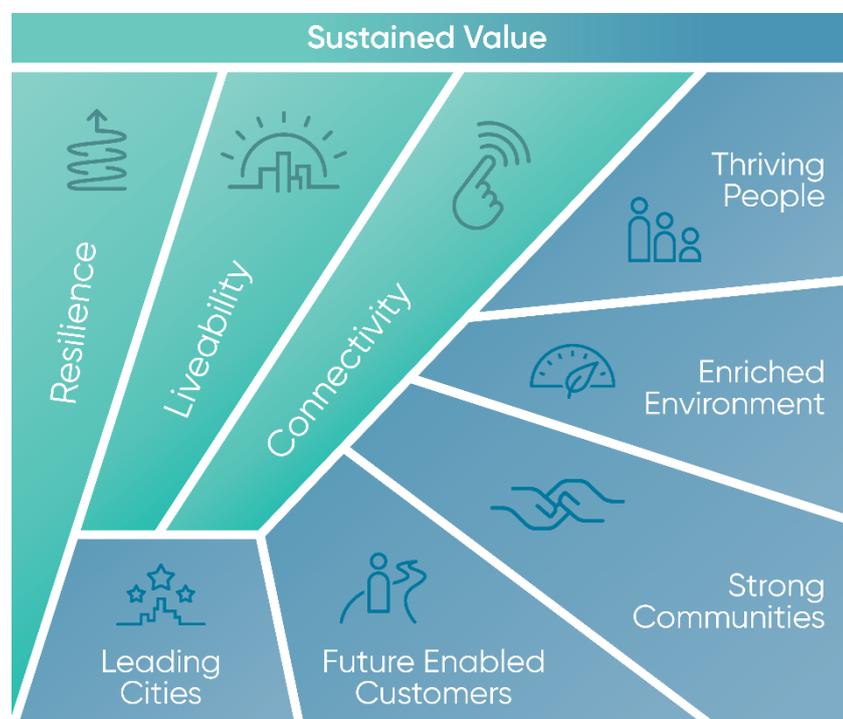
This framework incorporates five objectives which describe the goals of Dexus's stakeholder groups, while the three themes are a frame of reference for initiatives and programs.

Key themes:

Connectivity - using technology to enable connectivity between people and places and smart operations of Dexus's business and buildings

Liveability - creating vibrant, inspiring and flexible work places which enhance productivity and foster the wellbeing of employees and customers

Resilience - increasing resilience so that buildings and spaces are adaptive and customers and Dexus can prosper long term



Together, the three themes and five objectives form the basis from which sustainability commitments and targets are formed and how achievement is measured.

Dexus integrates supply chain sustainability throughout the group's operations via the Strong Communities objective, which recognises suppliers as an essential part of the Dexus ecosystem.

Dexus believes that by partnering with like-minded suppliers to align sustainability goals, Dexus can foster an open dialogue, most effectively manage supply chain risks and create opportunities for shared value.

5. Implementing our management approach

5.1. Sustainable Procurement Framework

Dexus applies a Sustainable Procurement Framework to minimise any potential impacts from its upstream supply chain. Sustainable procurement is built into all supplier engagements through supplier adherence to the following Dexus Policies:

- Supplier Code of Conduct
- Sustainable Procurement Policy
- Tendering Policy
- Environment Statement
- Human Rights Policy
- Work Health, Safety & Liability Policy
- Anti-bribery Policy
- Conflicts of Interest
- Development and Construction Policy
- Dexus Operating Limits
- Embargo Policy

Refer to the Dexus website for publicly available [Board](#) and [Corporate](#) policies.

Supply chain



These policies describe Dexus's position and expectation of its suppliers and subcontractors.

Embargo Policy

Dexus is committed to working with contractors and service providers who maintain the highest ethical, safety and quality standards. As part of this commitment, Dexus has implemented an Embargo Policy which states Dexus's approach to managing contractors and service providers that do not meet Dexus's performance standards.

The Embargo Policy outlines the circumstances in which a contractor or service provider will be placed on an Embargo List. Should Dexus determine to place a supplier on the Embargo list, Dexus will not engage with that contractor or service provider until the issues of concern have been appropriately addressed. The Embargo list is updated on an ongoing basis.

5.2. Human rights and fair work

Dexus respects the principles incorporated in the Universal Declaration of Human Rights. Dexus supports the rights of employees, contractors, customers, investors and suppliers to freedom of expression, sexual belief and sexual orientation and gender identify.

Dexus rejects the use of forced or child labour and strives for fair treatment and equity in the workplace. Dexus's Human Rights policy outlines commitments to sustainable procurement, indigenous rights, equal opportunity and relevant legislation. Dexus reviews and monitors human rights against the policy internally and with key service providers and business partners.

Modern slavery

The Federal Government has announced plans for Australia to be a world leader in stamping out modern slavery and has committed to passing a Modern Slavery Act (MSA) by the end of 2018. In addition to the Federal legislation, New South Wales State Parliament has passed a Modern Slavery Bill which includes mandatory reporting on modern slavery by companies.

Dexus is obligated under proposed thresholds in New South Wales and Federal Acts. Aside from its own reporting obligations as a procurer of goods and services (i.e. upstream supply chains), Dexus may be requested to provide information to tenants and investors as a supplier to industry and Government (part of downstream supply chains).

Dexus is looking to take a leading approach towards future modern slavery reporting obligations and is taking actions within its business procedures and through industry wide collaboration to ensure readiness for future disclosure.

Dexus is collaborating with other property owners through the Property Council of Australia to adopt an industry-wide approach to modern slavery and the MSA obligations. The need for greater transparency incentivises a collaborative approach to supplier engagement to limit unnecessary duplication of effort, educate and inform extended supply chains. This also improves efficiency and sustainability and leverages the resources and procurement power of the sector as a collective.

5.3. Understanding supply chain sustainability risk exposure

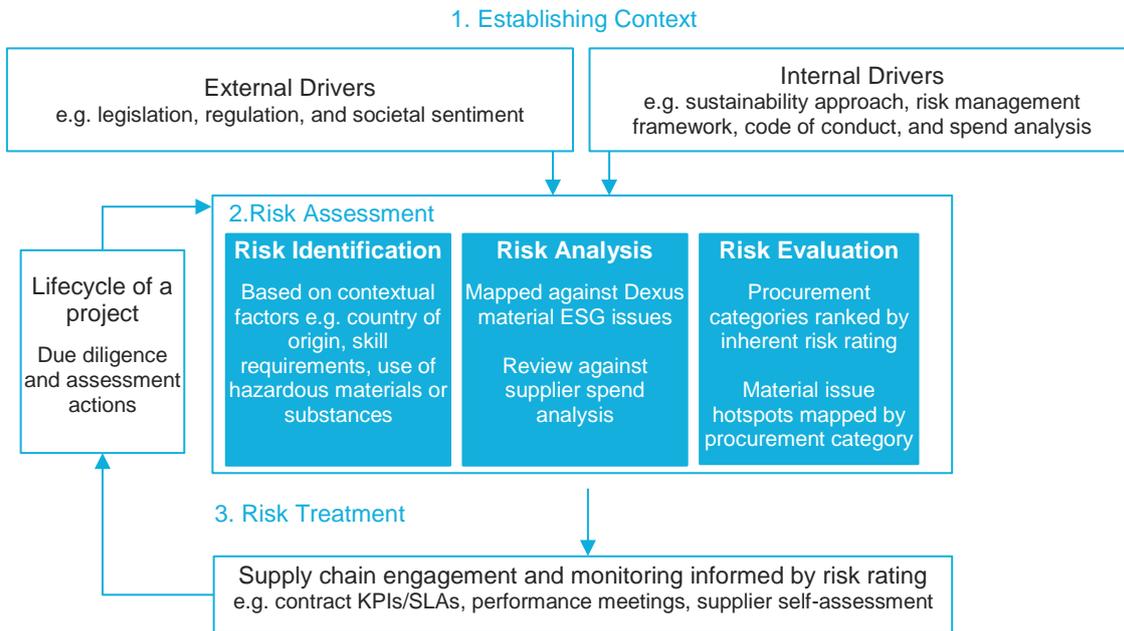
Dexus conducts a periodic group-wide supply chain CR&S risk assessment to identify and categorise the supply chain risks relevant to Dexus's geographical operations and the types of products and services it procures.

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

1. Contextual environment, social and governance (ESG) factors are reviewed against emerging trends and issues. These are mapped against Dexus's procurement categories to identify the inherent ESG risks that may apply to Dexus
2. Supplier categories with significant inherent risk are analysed against Dexus material ESG issues to assess each in terms of their relevant inherent risk.
3. Inherent risk hotspots are evaluated and ranked within a matrix according to their level of inherent risk.



Supply chain risk management process



The outcome of the risk assessment is a risk matrix of ESG risk exposures across each of Dexus's major supply chain categories. The matrix informs procurement processes and CR&S ambitions, including specification of requirements, and questions during tendering and the screening of suppliers.

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

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

5.4. Managing supply chain across the lifecycle of a project

Dexus's staged procurement and contract management process optimises performance and supplier service levels, manages risk, maintains symbiotic supplier relationships and realise shared value. The overall risk rating for the procurement category and spend details the extent to which due diligence and supplier monitoring is undertaken. The key aspects of this process include:

The lifecycle of a standard project

Project stage	Due diligence actions	Assessment actions
0. Supply chain CR&S risk assessment and spend analysis		<ul style="list-style-type: none"> Periodic risk assessment conducted in accordance with Dexus's Risk Management Framework to evaluate Dexus procurement categories against external contextual factors. Procurement categories are ranked by inherent risks material to Dexus to inform procurement and supply chain monitoring activities

Supply chain



1. Project is proposed	<ul style="list-style-type: none"> - Project owners follow procurement procedures to develop and present a project business case to decision makers - Project assigned risk level in accordance with Tendering and Operating Limits Policies - Articulate CR&S project goals 	<ul style="list-style-type: none"> - Internal audit of Operating Limits Policy
2. Project is approved	<ul style="list-style-type: none"> - Project owners: a) procure services directly within agreed limits and preferred panel, or b) work with Dexus procurement team to procure major services via formal tender 	<ul style="list-style-type: none"> - Internal audit of Operating Limits Policy
3. Quotes obtained or formal tender is issued	<ul style="list-style-type: none"> - Business units work with the Dexus procurement team to issue project brief to service providers - Service providers may be pre-qualified and selected on Dexus's preferred supplier panel - CR&S prequalification criteria specified 	
4. Service provider is selected	<ul style="list-style-type: none"> - Sustainability track record, as well as risks and opportunities are evaluated during a rigorous and structured screening and ranking of suppliers, using a balanced scorecard - Dexus conducts financial due diligence to establish that a company is viable and can perform the tasks required - Assessing a company's capability to perform by reviewing its track record, and seeking feedback from references 	
5. Service provided is appointed	<ul style="list-style-type: none"> - Dexus reviews proposed services to confirm fair value upfront and avoid later uplift - Service providers contractually agree to Dexus's Sustainable Procurement Policy and Supplier Code of Conduct 	
6. Service is undertaken		<ul style="list-style-type: none"> - Contractor management systems track on-site contractor activity and ensure contractors maintain licences and insurances - Project Control Groups (PCGs) hold regular meetings between Dexus and suppliers and receive progress reports



7. Service is monitored	<ul style="list-style-type: none"> - Dexus procurement team monitors supplier performance through site feedback, regular performance meetings and tracking against project KPIs 	<ul style="list-style-type: none"> - Dexus conducts site-level contractor spot checks to evaluate performance and develops corrective action plans where required - Evaluation against contract KPIs and SLAs - Suppliers periodically complete a self-assessment to provide Dexus insights into their business-related sustainability issues and gather feedback on its performance as a partner
8. Project completes	<ul style="list-style-type: none"> - Dexus evaluates the effectiveness and value for money as part of retaining service providers - Dexus conducts period spend analysis to maintain a current view of critical suppliers and commodities 	<ul style="list-style-type: none"> - Suppliers periodically complete a self-assessment to provide Dexus insights into their business-related sustainability issues and gather feedback on its performance as a partner

Tender documentation and service agreements integrate CR&S policies and key performance indicators. Dexus prioritises supplier engagements based on the commodity/service involved, the size of the contract, supplier values and its criticality to business continuity.

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

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

6. Supply chain governance

6.1. Procurement procedures

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

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

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

6.2. Tender process

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

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



Supply chain

6.3. Employee responsibilities and training

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

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

6.4. Contractor health and safety

Dexus recognises its duty of care to manage any work health and safety risks across its managed property portfolio. Dexus's Workplace Health, Safety and Liability (WHS&L) statement outlines how Dexus manages property risks. It states the group's commitment to maintaining safe properties, working with stakeholders to manage hazards, risks and continuous monitoring.

Dexus implements a safety management system that is certified against OHSAS 18001 to address WHS&L risks across the portfolio. Dexus uses a third-party tool across all Dexus managed properties to monitor contractor workplace health and safety (WH&S) management systems and manage compliance of contractors regarding insurance, WH&S and inductions.

6.5. Supplier monitoring and relationship management

Dexus monitors the performance of major contracts through:

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

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

Grievance mechanism

Feedback from or about a contractor that becomes a formal grievance is addressed through Dexus's Complaints Policy. Further details are available in the [Governance Disclosure on Management Approach](#).

7. Evaluation and process improvement

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

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

Material issue	Objective	KPI
Sustainable Procurement	Maintain value aligned partnerships	<ul style="list-style-type: none"> - Number of critical suppliers - Supplier relationship satisfaction score (0 to 10) - Supplier net promoter score - Value for money
	Effective service delivery	<ul style="list-style-type: none"> - Tenant satisfaction survey - Feedback from customers and/or facility managers - Supplier conformance and legal compliance (fines, penalties and breach notices) - Achievement of contract KPIs and SLAs

Supply chain



Human Rights	Readiness for Modern Slavery legislation	<ul style="list-style-type: none">– Supplier Code of Conduct in contracts– Spot checks– Contractor KPIs related to human rights due diligence– Number of grievances– Incidents of non-conformance
	Fair Working Conditions	<ul style="list-style-type: none">– Incidents of non-conformance– Corrective action plans
Work Health and Safety	Maintain a safety culture	<ul style="list-style-type: none">– Contractor compliance with on-site WH&S systems– WH&S metrics (e.g. lost time injury frequency rate, medical treatment injury frequency rate, fatalities)– Incidents of non-conformance



Governance, risk and compliance

1. Introduction

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

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

2. Management objectives and goals

The Group's governance approach aims to:

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

3. Management approach

Dexus's corporate governance approach supports the Group's strategic objectives. The Group's governance structure ensures accountability and a balance of authority by clearly defining the roles and responsibilities of the Board and executive management. This enables the Board to provide strategic guidance while exercising effective oversight. Dexus applies the following governance structure and approach:

Corporate governance		
Dexus Board		
Group Management Committee	Board Committees	
Group Risk Committee		
Risk and Compliance team		
Business unit operations		
Management approach		
Compliance Management Framework	Risk Management Framework	Sustainability Approach
<ul style="list-style-type: none"> - Conflicts of interest - Continuous disclosure reporting - Compliance monitoring - Anti-bribery policies - Anti-money laundering policies - Fraud and corruption (Prevention and Awareness) - Information technology and cyber security - Complaints - Board governance 	<ul style="list-style-type: none"> - Industry engagement - Risk analysis - Workplace health and safety - Audit and assurance - Investment due diligence - Business continuity planning, crisis management and disaster recovery testing - Accept and investigate whistle blower disclosures - Embargoed contractors - Internal audit 	<ul style="list-style-type: none"> - Environmental management - Human rights - Code of Conduct - Supply chain management
Monitor, Measure and Report		
Management reporting ASX disclosure Performance disclosure Regulatory reporting CR&S reporting		



3.1. Corporate governance

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

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

To assist stakeholders in accessing key documents outlining its approach to corporate governance, Dexus maintains a Corporate Governance section on its website www.dexus.com/corporategovernance.

Dexus maintains a [Corporate Governance Statement](#) that provides a reconciliation of the ASX Corporate Governance Principles & Recommendations - Third Edition (ASX Principles) against Dexus's governance framework and discloses how Dexus met each of the ASX Principles during the financial year.

The framework adopted by Dexus meets the requirements of the ASX Principles and addresses additional aspects of governance which the Board considers important.

Dexus recommends that this disclosure of management approach be read in conjunction with Dexus's [Corporate Governance Statement](#). Refer to the Dexus website for publicly available [Board](#) and [Corporate](#) policies.

3.2. Dexus Board and management committees

Committees with a focus on governance, risk management and monitoring are described below:

Committee	Governance role
Dexus Board of Directors	The Board sets the tone, culture and objectives of risk and compliance management at Dexus. It sets the corporate standard, establishes effective governance, oversees business performance and provides ultimate accountability for the group. The Board implements a corporate governance framework that applies to the investments of Dexus and its funds, mandates and capital partners.
Board Risk Committee	Responsible for overseeing group risk management, including implementation and management of sustainability practices and initiatives throughout Dexus, as well as overseeing WHS, risk, compliance and internal audit. The Board Risk Committee reports directly to the Board.
Group Management Committee (GMC)	Oversees business operations including its management of compliance, risk and sustainability. The GMC reports directly to the Dexus Board.
Property Executive Committee (PEC)	Chaired by the Chief Executive Officer (CEO), PEC members include the Chief Investment Officer (CIO), Chief Financial Officer (CFO) and Executive General Managers to oversee Dexus's ongoing operations to achieve Dexus's operational and strategic objectives concerning: <ul style="list-style-type: none"> – Property Performance – Development and Trading – Customer and Innovation PEC oversees sustainability initiatives and reports to the Group Management Committee.
Group Risk Committee	Oversees compliance, internal audit and risk initiatives and reports to the Dexus Board Risk Committee. It assures the Board and the Board Risk Committee that major business risks have been identified and assessed, and effective plans are in place to mitigate the risks.
Investment Committee	Reviews all major investment proposals (including acquisitions, divestments, developments and major works) concerning Dexus and each of our managed funds and clients.
Corporate Responsibility, Inclusion and Diversity Committee	Oversees the development and implementation of corporate responsibility policies and practices that support Dexus's business strategy and responds to emerging corporate responsibility issues within the built environment.

3.3. Risk & Compliance team



Governance, risk and compliance

The Risk & Compliance team oversees risk and compliance programs. The Head of Risk & Compliance has an independent reporting line to the Dexus Board and Dexus Board Risk Committee.

The Risk & Compliance team is responsible for:

- Assessing strategic and operational risks
- Providing advice on remediation plans for risk and compliance issues
- Reviewing and analysing compliance issues and exceptions
- Drafting and delivering risk and compliance policies and procedures
- Implementing the WHS management system and overseeing audits of compliance with the system
- Providing training on relevant risk and compliance matters
- Conducting monitoring and preventative review procedures to avert or detect incidents of non-compliance
- Reporting to management (including GMC, Board Risk Committee and the Group Risk Committee) on compliance incidents and risk and compliance initiatives within Dexus
- Liaising with Regulators

4. Management frameworks

Dexus applies a Compliance Management Framework and a Risk Management Framework to underpin the approach taken to address compliance and manage risk. The third arm of Dexus's responsible investment approach is its Sustainability Approach which integrates sustainability throughout the group's operations.

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

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

5. Compliance Management Framework

Compliance is a vital component of Dexus's corporate governance and assists in:

- Building trust with investors and clients
- Protecting Dexus's brand and reputation
- Promoting Dexus's values
- Demonstrating to stakeholders a commitment to doing the right thing
- Complying with the law

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

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

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



Governance, risk and compliance

The framework:

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

Activities within Dexus's Compliance Management Framework include:

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

5.1. Conflicts of interest

Dexus has two internal compliance policies for personal and corporate conflicts of interest. They inform employees as to what constitutes a conflict of interest and describe the process for identification and management of conflicts. Conflicts may arise in a variety of situations, including:

- Related party dealings
- Allocating property transactions amongst clients
- Tenant conflicts
- Transfer of assets between schemes or clients
- Personal conflicts

Dexus recognises that potential conflicts of interest may arise during the investment process. The internal Investment Procedures Compliance policy sets out the procedures for the investment process to ensure that acquisitions are appropriate, permitted and in accordance with the client objectives and strategies.

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

- Ensuring the transaction is conducted at arm's length
- Removal of conflicted employees or teams from the transaction or decision
- Establishing information barriers so that employees and teams operate solely in the interests of their client
- Avoiding the transaction

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



5.2. Anti-bribery and corruption

Dexus is committed to achieving the highest corporate standards and does not tolerate unethical or unprofessional behaviour including bribery and corruption.

The Anti-Bribery Policy outlines expectations for employee conduct related to lobbying, meetings with law makers and receiving gifts and benefits. Dexus does not make any political donations.

5.3. Transparency and continuous disclosure

Dexus takes an industry leading approach to transparency and disclosure of responsible investment practices. This is supported by the Property Council of Australia via its Voluntary Best Practice Guidelines for Disclosing Funds From Operation (FFO) and Adjusted Funds From Operations (AFFO). These measures enable a transparent comparison of reports on property fund manager performance.

Dexus is committed to giving investors, the market and other stakeholders accurate and timely information about material developments. Dexus complies with continuous disclosure requirements of the Corporations Act and ASX Listing Rules. A Continuous Disclosure Committee manages due diligence and compliance against the policy.

Dexus responds annually to several investor surveys and standards, publishes research papers, and formally discloses group performance each year in accordance with the Global Reporting Initiative (GRI) framework.

5.4. Compliance monitoring

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

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

The purpose of compliance monitoring is to:

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

Monitoring takes the form of:

1. Self-Assessment Checklists
2. Compliance review and verification
3. Targeted reviews
4. Ad hoc reviews

5.5. Internal audit program

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

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

The Group Risk Committee oversees the group's risk management, compliance management and internal audit programs. Dexus has appointed Ernst & Young (EY) to perform the activities of an Internal Audit function. Internal Audit reports functionally to the Group Risk Committee and Board Risk Committee.

Governance, risk and compliance



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

- Developing and maintaining a culture of accountability and integrity
- Promoting and supporting Dexus's Three Lines of Defence Model by maintaining an independent 'third line' in relation to effective risk management and control
- Facilitating the integration of risk management into day-to-day business activities and processes
- Promoting a culture of risk-consciousness, self-assessment and adherence to high ethical standards
- Maintaining a professional and experienced Internal Audit function, through the engagement of suitably qualified professionals, with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter
- Establishing a quality assurance program which supports the operation of internal auditing activities
- Ensuring that engagements are performed with proficiency and due professional care

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

Internal Audit activities involve:

1. Developing and implementing a flexible annual internal audit plan, adopting an appropriate risk-based approach, which is approved by the Group Risk and Board Risk Committees
2. Assisting Dexus to promote awareness of key risks, the Dexus risk culture and risk mitigation activities
3. Supporting audit activities through facilitation, process design and advisory services
4. Reporting on the outcomes of internal audits to senior management, the Group Risk Committee and Board Risk Committee.
5. Keeping Dexus informed of emerging trends and successful practices in internal auditing
6. Assisting in the investigation of significant suspected fraudulent activities and notifying results to the Group Risk Committee, Group Management Committee and the Board Risk Committee
7. Conducting follow up activities on the status of agreed significant, high and moderate rated recommendations
8. Dexus maintains an Internal Audit Charter which sets out the roles, responsibilities, authorisation, activities and reporting relationships of the Internal Audit function.

5.6. Board evaluation

Dexus recognises that performance measurement and management are integral to its Board's success and Dexus believes that board evaluations can contribute significantly to performance improvement at the organisational, Board and individual Director levels.

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

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

5.7. External feedback and grievance procedures

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

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



Governance, risk and compliance

Dexus maintains a Complaints Policy to address grievances formally raised by stakeholders in relation to Dexus, its products or services, or the processes Dexus uses for dealing with feedback itself.

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

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

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

- Investor, client and potential client complaints are dealt with fairly, promptly and consistently
- Regulatory requirements are complied with
- Underlying control problems/weaknesses that may be identified by a complaint are appropriately addressed

In accordance with the Australian Standards for Complaints Handling, Dexus seeks to:

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

Dexus has tailored grievance procedures based on the nature of the complaint and by stakeholder.

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

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

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



5.8. Internal grievances and whistleblowing

To maintain a positive and productive work environment, Dexus has implemented a Whistleblower program.

An important part of the Program is the open and honest discussion of ethical issues. Dexus encourages employees to raise problems with their Manager. Should this not be possible for any reason, employees are encouraged to raise their concerns of possible breaches of law or procedure, irregularity, compliance issue, ethical issue or anything else considered of concern with Risk & Compliance, People & Communities or Statutory Auditors.

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

Refer to the [People and Culture Management Approach](#) for further details.

6. Risk Management Framework

Effective risk management is critical to the delivery of value to Dexus investors and requires an understanding of risks during all phases of investment, from asset selection, acquisition, allocation, ownership, management and disposal. Responsible investment and active property management principles are integrated into Dexus's Corporate Responsibility & Sustainability (CR&S) framework.

Dexus's Risk Management Framework aligns with the Australian and New Zealand Standard for Risk Management – Principles and Guidelines AS/NZS ISO 3100:2009. The framework is built into daily operations in the form of accountabilities, standard operating procedures, tools and templates, management oversight, collaboration and knowledge sharing, and audit and assurance.

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

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

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

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

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



Governance, risk and compliance

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

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

Dexus has developed an in-house property risk management and auditing tool (Periskope) that provides systematic and rigorous property risk profiling. It is a single point of access for tools and data assisting in property risk management.

6.1. Risk appetite

Dexus operates in a competitive market and strives to deliver on its vision and strategy in a sustainable way to meet the expectations of investors/clients, Dexus employees, customers (including tenants), visitors and the communities in which Dexus operates.

Risk is an inherent part of conducting business and Dexus must take some level of risk in order to pursue its strategic objectives. In so doing, decisions at every level must be made with an informed view of the risks and implications involved.

Dexus maintains Risk Appetite Statements for each Responsible Entity within the group. The Statements support the Funds' strategy. These outline the amount of risk each entity is willing to accept in order to achieve its strategy. It promotes the principle of 'freedom within boundaries' providing a framework for management to operate within to execute the strategy.

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

6.2. Health and safety

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

Dexus's WHS&L statement outlines how Dexus manages WHS risks. It states the group's commitment maintaining safe properties, working with stakeholders to manage hazards, risks and continuous monitoring.

Dexus implements contractor management software across all managed properties to manage and monitor contractor compliance of insurance requirements, WH&S and inductions.

Further information can be found within the [Customers and Community](#) and [People and Culture](#) disclosures of management approaches.

6.3. Investment due diligence

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

The Investment Committee reports to GMC and is responsible for reviewing all investment, divestment and development proposals for Dexus and its managed funds and clients.

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

Governance, risk and compliance



Potential acquisitions are screened to ensure responsible investment principles are upheld. The Committee identifies environmental, social and governance issues that may affect an investment. It then categorises them as:

- Material issues that may lead to the abandonment of the potential investment
- Less significant issues, risks and opportunities that impact the decision and/or the investment price, or the terms of sale
- Insignificant issues that are not deemed to affect Dexus or its clients
- If an issue is uncovered, decisions are made whether to pursue the investment opportunity or mitigate the impact. The Board or client ultimately considers the Committee's evaluations and recommendations.

7. Sustainability Approach

Dexus's Sustainability Approach incorporates the UNPRI 'six principles' relating to responsible investment and active property management and is aligned with its corporate strategy through its overarching goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across its value chain."

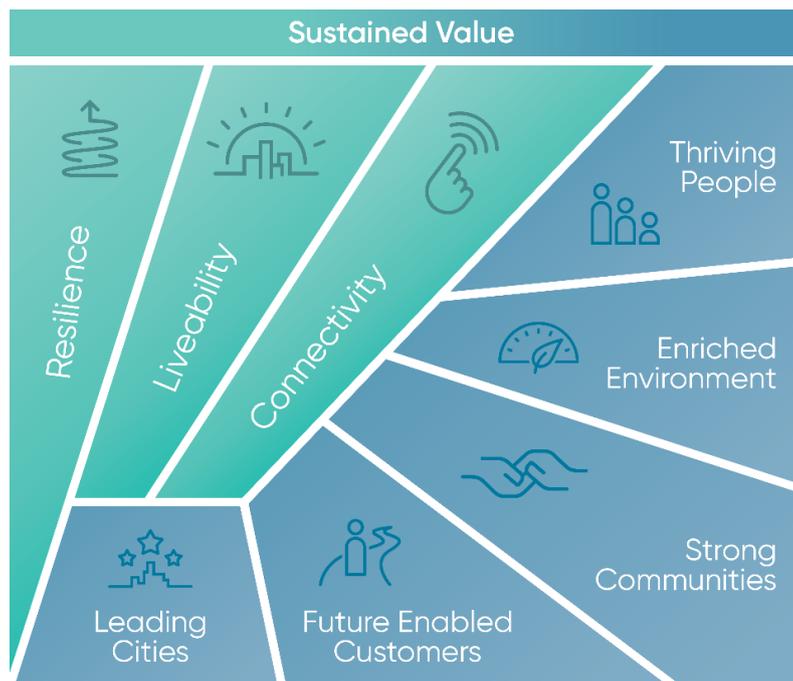
This framework incorporates five objectives which describe the goals of Dexus's stakeholder groups, while the three themes are a frame of reference for initiatives and programs.

Key themes:

Connectivity - using technology to enable connectivity between people and places and smart operations of Dexus's business and buildings

Liveability - creating vibrant, inspiring and flexible work places which enhance productivity and foster the wellbeing of employees and customers

Resilience - increasing resilience so that buildings and spaces are adaptive and customers and Dexus can prosper over the long term



Together, the three themes and five objectives, form the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Dexus's Sustainability Approach supports the following policies:

- Environment Statement
- Sustainable Procurement and Supplier Code of Conduct
- Human Rights
- Biodiversity Policy

All these policies are available at www.dexus.com

Further information on environmental and social topics can be found within management approaches for [Customers and Community](#), [People and Culture](#), [Supply Chain](#) and [Environment](#).



8. Stakeholder engagement

Dexus collaborates across its value chain and conducts ongoing activities to manage and improve governance performance, as follows:

Stakeholder	Engagement approach
Government and industry	<p>Dexus is a member of various industry bodies and voluntary sustainability ratings. These memberships assist Dexus to stay at the forefront of market trends.</p> <p>Dexus engages with policy makers through membership of industry bodies including the Property Council of Australia, Green Building Council of Australia, Investor Group on Climate Change and the City based Better Buildings Partnership.</p> <p>Dexus engages with state and local government officials and policy-makers as needed to discuss and present its views regarding various issues including local and state planning, local infrastructure, and environmental impacts of proposed developments. Dexus provide feedback and voices its concerns about policies, standards, environmental planning instruments and controls.</p>
Investors	<p>Dexus is committed to performance disclosure and engages with investors on an ongoing basis via:</p> <ul style="list-style-type: none"> – Half-year and annual reports that include property performance metrics, comparison against benchmarks, key events that have occurred and their impacts on the portfolio (i.e. acquisitions, divestments, developments, etc.) – Sustainability performance summary including current NABERS ratings, intensity figures for energy, water and greenhouse gas emissions, as well as efficiency improvement projects – Existing and potential wholesale investors have access to an investor internet portal via the Dexus website, which has additional information to support investment decision-making – Dexus also prepares and distributes quarterly reports to third party funds and mandates' wholesale investors – Each year Dexus participates in the Global Real Estate Sustainability Benchmark (GRESB), benchmarking its sustainability governance and implementation against global real estate peers
Employees	<p>Dexus strives to recruit and retain staff with the right mix of expertise and experience. All employees are required to uphold the highest ethical and professional standards. Dexus believes that diversity enhances decision-making. Dexus seeks to maintain a socially and culturally diverse workplace that is tolerant, flexible and adaptive to the needs of the environment.</p> <p>Dexus also aims to:</p> <ul style="list-style-type: none"> – Achieve gender equality and equal opportunities – Eliminate discrimination, harassment and bullying – Provide a positive work culture that promotes excellence, integrity, empowerment, innovation and collaboration <p>Further information on employees can be found within the People and Culture Management Approach</p>
Third party property managers and suppliers	<p>Dexus partners with suppliers to achieve operational efficiencies, tenant and customer comfort and sound environmental outcomes. Dexus seeks to partner with suppliers that can best meet its needs and have an alignment of interests.</p> <p>Further information can be found within the Supply Chain Management Approach</p>
Regulators	<p>Dexus has a respectful and transparent relationship with regulatory stakeholders and aims to meet all requests for information in a timely manner, support any regulatory examinations and ensure reporting of compliance incidents (where applicable). Risk & Compliance is the contact point for regulators.</p>



9. Evaluation and process improvement

9.1. Setting Objectives

Each year Dexus sets, reviews and updates corporate objectives within its Sustainability Approach framework against each objective. Commitments may include:

- Operational performance targets such as financial targets or building efficiency benchmarks
- Initiatives to improve collaboration or joint commitment with stakeholders such as suppliers, customers, and industry peers
- Enhancements to processes, governance mechanisms or internal efficiency
- ESG projects at specific properties within the portfolio
- Broader ambitions to make a material impact on staff, the community and/or the environment

9.2. Reporting progress

Dexus measures its success in governance performance in the following ways:

- Completion of commitment milestones
- Achievement of targets
- Feedback from customers and employees
- Awards and external recognition
- Inclusion and rankings in sustainability and leadership indices
- Compliance with the law and other company compliance obligations

Dexus reports on the progress of our annual commitments in its half year report and include a scorecard against these commitments within the Annual Report. Each year, Dexus publishes its [Sustainability Performance Pack](#), which provides the most comprehensive review of current trends for key metrics, with historical comparison spanning the last five years.

9.3. Performance improvement

Dexus seeks to continuously improve its governance approach through the following:

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

Environment

1. Introduction

As a responsible property owner, manager and developer, Dexus integrates Corporate Responsibility & Sustainability (CR&S) objectives across the property lifecycle to responsibly invest and create long term value for stakeholders.

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

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

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

The following environmental issues are material to Dexus:

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

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

2. Management objectives and goals

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

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





Environment

2.1. Commitments and targets

Each year Dexus sets, reviews and updates corporate commitments within its responsible investment framework. Commitments are defined under each of five Sustainability Approach objectives and are approved by the Board.

Refer to the 2018 Annual Online Reporting Suite for details of [FY18 achievements](#) against current commitments and forward-looking [FY19 commitments](#).

In relation to the Enriched Environment objective, Dexus aspires to and dedicates focus towards minimising the overall environmental impact of its operations, in the development, management and refurbishment of properties. Dexus has committed to:

- Deliver 1,000,000 square metres to a minimum 5 star NABERS Energy rating and 4 star NABERS Water rating across the group's office portfolio by 2020
- Reduce energy consumption and emissions across the group by a further 10% by 2020 using the FY15 baseline, including exploring opportunities for renewables as part of a transition to net zero emissions by 2030
- Consistently demonstrate a resource recovery rate of 80% by 2020 from de-fitting vacated space, actively identifying resources for re-use and increasing waste diversion from landfill

3. Management approach

Dexus applies the following governance structure and approach to manage environmental risks and performance:

Environmental governance			
Dexus Board and Board Risk Committee			
Property Executive Committee			
Executive General Manager, Investor Relations, Communications and Sustainability			
Dexus/CBRE Strategic Management Committee		Retail Operations team	
Dexus Sustainability team	Dexus Risk and Compliance team	Dexus/CBRE Facilities Management teams	
Management approach			
Dexus Sustainability Approach			
Policies Environmental Statement Biodiversity Work Health Safety & Liability			
Environmental Management System			
Risk and Compliance team	Corporate Sustainability team	Office, Industrial and Retail teams	Developments and Capital Works team
<ul style="list-style-type: none"> - Environmental management system - Building environmental ratings - Continuous improvement targets - Climate change risk - Hazardous materials planning 	<ul style="list-style-type: none"> - Resource efficiency - Employee engagement - Sustainable procurement - Industry engagement - Carbon neutrality 	<ul style="list-style-type: none"> - Building operations - Asset planning - Customer engagement and green leasing 	<ul style="list-style-type: none"> - New developments - Major refurbishments - Customer fit outs - Biodiversity assessments
Monitor and measure Asset monitoring NABERS & Green Star ratings Statutory and voluntary reporting Industry & investor surveys			



4. Management framework

4.1. Sustainability Approach

Dexus's Sustainability Approach incorporates the UNPRI 'six principles' relating to responsible investment and active property management. The approach is aligned with Dexus's corporate strategy through its overarching goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across its value chain."

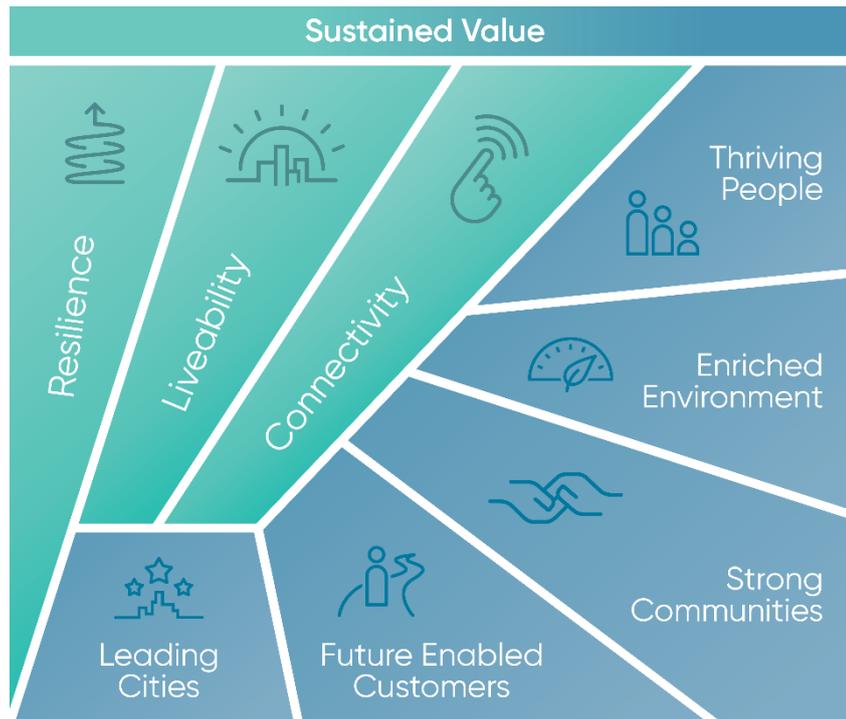
This framework incorporates five objectives which describe the goals of Dexus's stakeholder groups, while the three themes are a frame of reference for initiatives and programs.

Key themes:

Connectivity - using technology to enable connectivity between people and places and smart operations of Dexus's business and buildings

Liveability - creating vibrant, inspiring and flexible work places which enhance productivity and foster the wellbeing of employees and customers

Resilience - increasing resilience so that buildings and spaces are adaptive and customers and Dexus can prosper over the long term



Together, the three themes and five objectives form the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Dexus integrates environmental sustainability throughout the group's operations via the Enriched Environment objective, which involves optimising the environmental performance and resilience of its buildings.

Enriching the environment means maximising the resource productivity of Dexus's properties to limit the overall environmental impact from its operations and by creating adaptive, enduring and inspiring places.

Key 'Enriched Environment' objectives and related actions are:

Objective	Actions
Being an innovative, leading environmental performer	<ul style="list-style-type: none"> – Set environmental performance targets for all investments – Maximise energy and water performance of properties rated under NABERS – Outperform industry benchmarks for GHG emissions, waste, indoor environmental quality, transport and social performance – Comply with applicable legislation
Optimising building environmental performance and resilience	<ul style="list-style-type: none"> – Identify opportunities to enhance both environmental and social performance – Prepare strategic improvement plans for properties that quantify the ratings enhancement, energy saved and the required investment



Being a sustainable developer	<ul style="list-style-type: none"> – Incorporate sustainable design within new developments, leveraging best practices tools such as the Green Star rating system – Establish minimum energy performance benchmarks through NABERS Commitment Agreements
Being a low carbon energy producer	<ul style="list-style-type: none"> – Collaborate with industrial customers to incorporate on-site solar electricity generation for new industrial developments – Reduce emissions by evaluating and pursuing opportunities to incorporate renewables across existing industrial and retail properties
Creating customer environmental partnerships	<ul style="list-style-type: none"> – Collaborate with customers to improve environmental performance of Dexus properties and its tenancies through Green Lease clauses, customer and fitout guidelines, and support
Adapting for environmental resilience	<ul style="list-style-type: none"> – Assess the impacts of climate change and extreme weather events and address appropriate mitigation and adaptation actions – Assess biodiversity risks and opportunities to create a net positive benefit

4.2. Environmental governance

Dexus’s Property Executive Committee oversees sustainability initiatives and reports to the Board Risk Committee. This committee provides a direct link between business operations and corporate governance. It also assures the Board that major business risks have been identified and assessed, and effective plans are in place in line with Dexus’s Risk Management Framework and Sustainability Approach.

The Executive General Manager, Investor Relations, Communications and Sustainability has overall operational responsibility for Dexus’s energy and water consumption, biodiversity policies, emissions effluents and waste, and transport use.

Dexus integrates its objectives across the property lifecycle as follows:

Investment decision making

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

New developments

Dexus’s Development team oversees sustainability input into new developments, major refurbishments and customer fit outs.

Building operations and facility management

Dexus’s Sustainability team coordinates the delivery of Dexus’s Sustainability Approach which aims to minimise the overall environmental impact of Dexus operations and monitor environmental performance. The sustainability team collaborates with facilities management teams to:

- Save energy and water
- Maximise energy and water productivity
- Reduce greenhouse gas emissions
- Reduce the amount of waste transported to landfill
- Reduce utility costs and other operating costs for Dexus and its customers

Environmental risk management

Dexus’s Risk and Compliance team implements the group’s Environmental Management System which addresses environmental risks as part of Dexus’s overall risk management framework.



5. Implementing our management approach

5.1. Policies and procedures

Dexus policies guide employees, contractors and facility management on how they must operate. These policies include:

- Environment Statement
- Biodiversity Policy
- Work Health Safety & Liability Statement

Refer to the Dexus website for publicly available [Board](#) and [Corporate](#) policies.

Dexus provides internal guidance to employees about the use of policies, process workflows, escalation processes and governance structures. Employees are periodically assessed for their knowledge of these policies.

Environment Statement

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

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

5.2. Energy and emissions

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

5.3. Climate change risk and response

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

Physical risks

Dexus assesses physical climate change risk at a property and portfolio level. Properties are assessed for their risk exposure against long-term scenarios for changes in temperature and rainfall, increased frequency and severity of flooding, tropical storms, extreme winds and rising sea levels.

The assessment looks at the physical, economic and potential safety risks, as well as each building's resilience to cope with these scenarios. Properties are ranked according to their overall level of risk and higher risk properties undergo further assessment and adaptation planning.

Dexus's response involves understanding and mitigating physical risks through investment decision-making, asset planning, preventative maintenance and adaptation activities.

Transitional risks

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

- Dexus's in-house research team tracks economic conditions, correlates market risks and forecasts real estate market performance in all major property markets nationwide
- Dexus collaborates with peers and with industry associations to undertake work and share knowledge on climate change risk and adaptation

Environment



- Dexus engages with customers and conducts social demographic studies across retail properties
- Dexus works with subject matter experts to maintain an up-to-date view of this emerging topic

Climate resilience strategy

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

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

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

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



Climate scenario modelling

Dexus has conducted a qualitative and qualitative portfolio-wide assessment of climate change risk, incorporating medium and long-term greenhouse gas emission scenarios (RCP8.5) from the 5th Intergovernmental Panel on Climate Change (IPCC) report as well as climate projections from the CSIRO and the NSW Office of Environment and Heritage (OEH).

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

Dexus also reviewed property-specific scenario data including flood maps, and likely frequency and intensity of bushfires and tropical storms to assess each property and identify hotspots in each geographical market. Analysis has informed the overall level of physical risk exposure across all existing properties and geographical hotspots. Data is used to inform future investments and establish mitigation plans for existing investments.

Reducing Dexus's emissions footprint

Within Dexus's annual commitments, Dexus sets continuous improvement targets to drive reductions in energy use, the major contributor to Dexus's emissions footprint. Dexus is looking beyond its current targets towards a net-zero future in line with current climate science which is advocating significant reductions in emissions to keep global warming under two degrees against a pre-industrial baseline.

5.4. Emissions management

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

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

5.5. Carbon neutrality

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

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

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



5.6. Resource efficiency

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

Dexus develops Strategic Improvement Plans (SIPs) to maximise operational performance and reduce resource consumption. Dexus's SIPs cover four elements:

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

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

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

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

Examples of water management initiatives include:

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

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

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

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

5.7. Renewable energy

Dexus supports the development of renewable energy and distributed energy generation across its portfolio. Dexus purchases accredited GreenPower which is electricity that is certified as renewable and 100% emissions free.

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



5.8. Waste management

Dexus contributed to and adopts the Sydney-based Better Buildings Partnership (BBP) best practice guidelines for operational and strip-out waste management.

Operational waste

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

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

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

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

De-fit (strip out) waste

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

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

5.9. Biodiversity

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

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

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

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

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

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



5.10. Environmental risk management and hazardous materials

Dexus conducts a comprehensive risk audit program to identify, evaluate and mitigate the following risks:

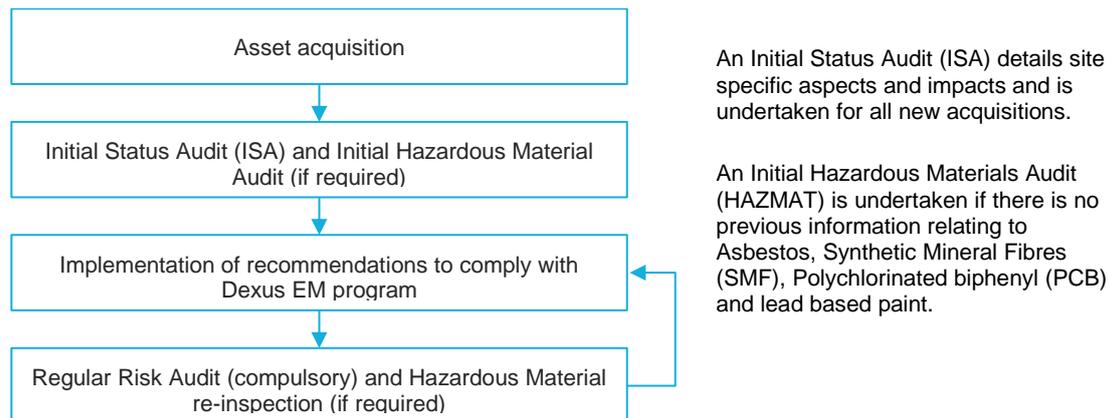
- Personal health and safety audits: compliance/spot audits, work health and safety risk profile, certification of safety system to international standard OHSAS 18001, Principal Contractor audit, incident investigations
- Building safety: confined space risk assessment, plant risk assessment, façade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

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

5.11. Environmental Management System

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

The Environmental Management program involves the following environmental management approach:



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

- Storage of environmentally hazardous materials - Environmentally hazardous materials can have a significant environmental impact if released to the environment
- Waste generation - Management of solid and liquid waste materials requires safe handling and disposal
- Stormwater discharge - Release of contaminants to stormwater may result in the degradation of stormwater quality, with potential subsequent impact on surface waterways
- Trade waste and wastewater discharge - Discharge of wastewater to sewer requires a Trade Waste Agreement. Release of unlicensed discharges to sewer may lead to prosecution
- Emissions to atmosphere - Emissions to atmosphere (such as the discharge from cooling towers and kitchen exhausts, etc.), are managed to meet regulatory standards. Dexus also recognises emissions of ozone depleting substances and refrigerants from air-conditioning and refrigeration
- Noise emissions - Noise and vibration may cause a nuisance to neighbouring properties or customers and give rise to complaints and subsequent prosecution under environmental legislation
- Site contamination - Site contamination can result from loss of materials to soil and groundwater (leakage from underground storage tanks is a common source of soil and groundwater contamination)



6. Key stakeholders

Dexus collaborates across its value chain and conducts ongoing activities to manage and improve environmental performance. Key stakeholders include customers, employees, facility management and suppliers, as follows:

Stakeholder	Engagement approach
Customers	<p>Dexus collaborates with customers to improve their sustainability performance and awareness through initiatives such as City Switch, a national tenant energy efficiency program. Dexus is both a signatory and a landlord within the program. Dexus aims to drive improvements in customers' energy efficiency through green building committees and other programs. These programs include involvement in the annual Earth Hour campaign and the National Australian Built Environment Rating System (NABERS) Energy and Water ratings.</p> <p>Dexus undertakes initiatives to provide regular, open feedback for customers. Customer feedback helps to determine the important sustainability issues that keep customer servicing and property performance on the right track.</p>
Employees	<p>Dexus has established dedicated employee working groups with mechanisms in place to improve engagement on environmental sustainability and drive environmental performance. Dexus also encourages employees to pursue professional development in sustainability, with a number of Dexus's development managers having achieved Green Star professional accreditation from the Green Building Council of Australia.</p>
Facility Managers	<p>Dexus directly manages more than 90% of the properties within the group portfolio. The remaining co-owned properties are managed either by the co-owners or by a jointly-appointed independent property manager.</p> <p>Dexus engages regularly with co-owners and independent property managers to review their performance against the property management agreements, and to monitor alignment with Dexus's policies, procedures and KPIs.</p> <p>Dexus works closely with its facility manager partners for directly managed sites which involves day-to-day interaction regarding operations to maximise building performance, deliver customer service and respond to customer needs.</p> <p>Dexus employs dedicated retail management teams across directly managed retail centres. These teams work closely with the retail management team to maximise performance of each centre within its local community.</p>
Suppliers	<p>Dexus engages with like-minded suppliers on sustainability issues and practices. Dexus works with preferred building services providers and equipment vendors to select best-of-breed products to maximise environmental performance while meeting performance expectations.</p> <p>Dexus communicates sustainability expectations to all suppliers through its Supplier Code of Conduct and Sustainable Procurement policy and suppliers contractually agree to support these policies. Further information on supplier engagement is located within the Supply Chain Disclosure on Management Approach.</p>

Feedback that becomes a formal grievance is addressed through Dexus's Complaints Policy. Further details are available in the [Governance Disclosure on Management Approach](#).



7. Evaluation and process improvement

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

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

Dexus's annual Sustainability Performance Pack provides the most comprehensive review of current trends for key metrics, with historical comparison spanning the past five years. The [Sustainability Performance Pack](#) is available on Dexus's website.

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

Dexus employs measures to assess ESG performance including:

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

Environmental performance undergoes ongoing review through:

- Live monitoring of building consumption by Facility Managers
- Monthly sustainability team meetings involving stakeholders from Dexus and its managing agents
- Monthly reporting of NABERS ratings activity and tracking of rolling portfolio targets
- Monthly review of energy and water billing data and investigation into adverse consumption trends
- Quarterly Board Risk Committee progress updates

Dexus measures its success in environmental performance in the following ways:

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

Dexus uses the following key performance indicators to measure performance. Dexus sets annual targets for environmental performance to drive continuous improvement.

Environment



Material issue	Objective	KPI
Energy consumption and greenhouse gas emissions	Reduce like-for-like portfolio energy use and greenhouse gas emissions	<ul style="list-style-type: none"> – Absolute energy consumption (GJ) – Absolute scope 1 and 2 greenhouse gas emissions (t. CO₂-e)
Energy efficiency	Maximise portfolio energy efficiency accounting for portfolio changes	<ul style="list-style-type: none"> – Energy intensity (MJ/sqm)
Climate change impacts	Target Australian best practice in building energy and emissions performance	<ul style="list-style-type: none"> – NABERS Energy portfolio star rating – Greenhouse gas emissions intensity (kgCO₂-e/sqm)
Water consumption and efficiency	Target Australian best practice in building water performance	<ul style="list-style-type: none"> – NABERS Water portfolio star rating – Water consumption intensity (litres/sqm)
Waste management	Maximise data collection coverage across office and retail portfolio	<ul style="list-style-type: none"> – Waste data coverage = Percentage of total office and retail lettable area with waste data
	Increase recycling rate and reduce the percentage of waste sent to landfill across office and retail portfolio	<ul style="list-style-type: none"> – Waste diversion (%) = total recycled waste / (total recycled waste + waste to landfill)
Biodiversity	Net positive impact and have integrated biodiversity management within the business	<ul style="list-style-type: none"> – Green Star rating of ecological value credits for new developments – Landcare volunteering – Biodiversity KPIs / SLA in landscaping contract

10 years
being listed
as Dexu

dexu