

LEA 02	Objective: Mandatory	Principle: PRI 1, 2, 3
<p>Type of engagement</p> <p>Individual/ internal staff engagements</p>	<p>Reason for interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in a company's interests <input checked="" type="checkbox"/> To influence corporate practice for identify the need to influence on <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via internal staff 	
<p>Collaborative engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decision-making in a company's interests <input type="checkbox"/> To influence corporate practice for identify the need to influence on <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via collaborative engagements 	
<p>Service provider engagements</p>	<ul style="list-style-type: none"> <input type="checkbox"/> To support investment decision-making in a company's interests <input type="checkbox"/> To influence corporate practice for identify the need to influence on <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage via service providers 	

RI TRANSPARENCY REPORT

2019

Dexus

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2019 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		✓	-							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	🔒	n/a							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	🔒	n/a							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	🔒	n/a							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	🔒	n/a							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	🔒	n/a							✓
OO PE 02	Typical level of ownership in private equity investments	🔒	n/a							✓
OO PR 01	Breakdown of property investments	✓	Private							✓
OO PR 02	Breakdown of property assets by management	✓	Private							✓
OO PR 03	Largest property types	✓	Private							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Private							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	🔒	n/a	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Public							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 17	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Responsible Property Investment (RPI) policy	✓	Public	✓					✓	
PR 02	Fund placement documents and RI	✓	Public	✓			✓		✓	
PR 03	Formal commitments to RI	✓	Private				✓			
PR 04	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 05	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PR 06	ESG issues impact in selection process	✓	Public	✓						
PR 07	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 08	ESG issues in post-investment activities	✓	Public		✓					
PR 09	Proportion of assets with ESG targets that were set and monitored	✓	Public		✓	✓				
PR 10	Certification schemes, ratings and benchmarks	✓	Private		✓					
PR 11	Proportion of developments and refurbishments where ESG issues were considered	✓	Public		✓					
PR 12	Proportion of property occupiers that were engaged with	✓	Public		✓					
PR 13	Proportion of green leases or MOUs referencing ESG issues	✓	Public		✓					
PR 14	Proportion of assets engaged with on community issues	✓	Private		✓					
PR 15	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PR 16	Examples of ESG issues that affected your property investments	✓	Private	✓		✓				
PR End	Module confirmation page	✓	-							

Dexus

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2

Additional information. [Optional]

Dexus is one of Australia's leading real estate groups, managing a high quality Australian property portfolio valued at \$27.2 billion.

Dexus believes the strength and quality of its relationships are central to its success and is deeply committed to working with its customers to provide spaces that engage and inspire. The creation of sustained value is underpinned by Dexus's quality property portfolio, located across Australia's major cities. Dexus is committed to playing a leading role in shaping Australian cities for the future as desirable places to live, work and play.

Dexus invests only in Australia, and directly owns \$13.3 billion of office and industrial properties. Dexus manages a further \$13.9 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$4.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.7 million square metres of office workspace across 53 properties, Dexus is Australia's preferred office partner.

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 27,000 investors from 20 countries. With more than 30 years of expertise in property, investment, development and asset management, Dexus has a proven track record in capital and risk management and delivering superior risk adjusted returns for its investors.

OO 02	Mandatory	Public	Peering	General
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OO 02.1 Select the location of your organisation's headquarters.

Australia

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

427.0

OO 02.4 Additional information. [Optional]

Dexus owns and manages a portfolio of office, industrial, retail and healthcare properties located in core markets around Australia.

As at 30 June 2018 Dexus employed 427.0 FTE property professionals across the group. The majority of Dexus property professionals are located in the Sydney head office, with the remainder located in the key investment markets. Dexus also employs retail management personnel to manage shopping centres on behalf of its third party clients in regional areas and major cities across Australia.

All relevant headcount data is taken from each year's headcount report as at 30 June. Further details regarding Dexus's employee demographics can be found at: www.dexus.com/2018sustainabilityreport/

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 03.3 Additional information. [Optional]

Dexus does not have any subsidiaries.

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1 Indicate the year end date for your reporting year.

30/06/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		27	200	000	000
Currency	AUD				
Assets in USD		20	059	925	906

Not applicable as we are in the fund-raising process

OO 04.4 Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

Not applicable as we do not have any assets under execution and/or advisory approach

OO 04.5 Additional information. [Optional]

Dexus generates both rental income from its properties and fees for undertaking funds management, transactions, leasing, property management and development on behalf of third party clients. In addition, Dexus has a trading trust that enables the development and repositioning of properties to enhance value and sell for a profit.

The group's managed property portfolio of \$27.2 billion as at 30 June 2018 includes \$13.3 billion of owned property and \$13.9 billion of property managed for third party clients, with a \$4.2 billion development pipeline across the group.

OO 06 **Mandatory** **Public** **Descriptive** **General**

OO 06.1 Select how you would like to disclose your asset class mix.

as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	0	0
Property	100	0

Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

as broad ranges

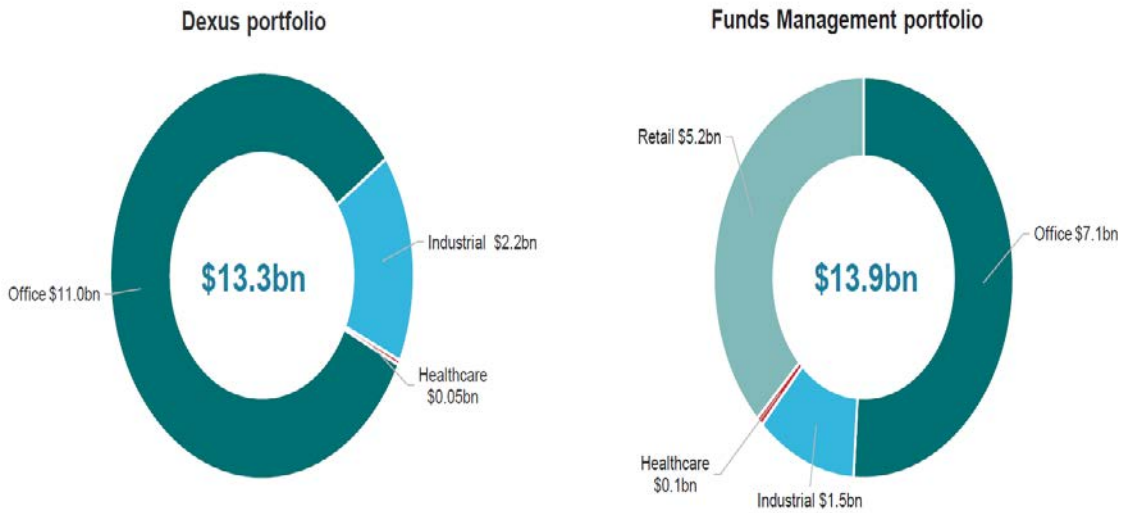
OO 06.2

Publish asset class mix as per attached image [Optional].

Overview

Total group portfolio composition

Total group FUM \$27.2 billion



OO 06.3

Indicate whether your organisation has any off-balance sheet assets [Optional].

Yes

OO 06.4

Provide an approximate percentage breakdown of your off-balance sheet assets.

	Internally managed (%)	Externally managed (%)
[a] Monetary assets		
[b] Derivatives		
[c] Cash		
[d] Trade finance		
[e] Other (1), specify	100	
[f] Other (2), specify		

No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
 No, we do not use fiduciary managers.

OO 06.6 Provide contextual information on your AUM asset class split. [Optional]

Dexus makes all property-related investment decisions for its listed portfolio. Dexus also undertakes property-related investment decisions on behalf of third party clients. Dexus manages the physical property across the majority of its listed and third party portfolio. Dexus acts as a trusted advisor conducting extensive research regarding the suitability of properties, provides recommendations regarding buy-sell-hold decisions, as well as acting as an active property manager for its managed portfolio.

Dexus owns and manages office, industrial, retail and healthcare properties in Australia on behalf of its investors and capital partners.

Dexus does not appoint external investment managers to manage funds on its behalf. Rather, Dexus partners with like-minded investors who value investment and property management expertise with best practice corporate governance principles.

The list below provides outlines Dexus's funds under management in more detail.

Asset Class / FUM (AUD\$bn)

Listed office: AUD\$11.0bn (40.5%)
Listed industrial: AUD\$2.2bn (8.1%)
Listed healthcare: AUD\$0.05bn (0.2%)
3rd party portfolio office: AUD\$7.1bn (26.1%)
3rd party portfolio industrial: AUD\$1.5bn (5.5%)
3rd party portfolio retail: AUD\$5.2bn (19.2%)
3rd party portfolio healthcare: AUD\$0.1bn (0.4%)*

Total FUM: AUD\$27.2bn

*Dexus owns 23.8% of the units in the unlisted Healthcare Wholesale Property Fund (HWPF) which is part of the Funds Management business.

OO 09

Mandatory

Public

Peering

General

OO 09.1	Indicate the breakdown of your organisation's AUM by market.
	Developed Markets
100	
	Emerging Markets
0	
	Frontier Markets
0	
	Other Markets
0	
	Total 100%
100%	

OO 09.2 Additional information. [Optional]

Dexus's investments at 30 June 2018 were located within Australia only. This country is listed as a Developed Market within the MSCI's classification.

Asset class implementation gateway indicators

OO 11	Mandatory	Public	Gateway	General
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OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Property

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12	Mandatory	Public	Gateway	General
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OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

- Property

RI implementation via external managers

Closing module

- Closing module

Dexus

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Dexus's Sustainability Approach is aligned with its strategy through the overarching goal of delivering sustained value for its stakeholders. Through the Sustainability Approach, Dexus integrates the management of environmental, social and governance (ESG) issues across the property life cycle for its direct portfolio and across its funds and mandates.

Dexus creates sustained value by taking a systematic approach that links its strategy and vision programs across five key objectives to its actions and performance outcomes through policies, governance frameworks, setting targets and embedding these into operations.

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

Dexus's Investment Committee reports to the Group Management Committee 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. Dexus has developed and maintains a robust compliance framework demonstrating Dexus's commitment to compliance, good governance and continuous improvement and is focused on protecting the interest of investors, mandate clients, capital partners and employees.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Policy scope and ownership

Led by its Board, Dexus has been incorporating corporate responsibility and sustainability into the Group's strategy and management activities for around 30 years. Board and Corporate policies encapsulate Dexus's strategy and vision and inform all stakeholders of their legal and corporate responsibilities for the management of environmental, social and governance issues.

Policy review

Dexus's sustainability approach continues to evolve to respond to new perspectives. In FY15, Dexus revised its sustainability approach, after consultation with internal and external stakeholders, to embrace the broader ecosystem in which it operates. Commitments and targets are set and reviewed on an annual basis.

Implementation

Dexus integrates sustainability across the property life-cycle by systematically linking strategy and vision to actions and performance outcomes through policies and governance frameworks, setting targets and embedding these into day-to-day operations.

Material issues

The sustainability approach includes five key objectives which retain their alignment with Dexus's stakeholders: People, Community (incorporating suppliers), Environment (including climate change related issues), Customers, and introduces Cities as a new focus area. Dexus engages with stakeholders to identify and respond to its collective material issues by aligning to the key objectives of Dexus's sustainability approach and informing its FY18 and future commitments.

Drivers

Key internal and external drivers exist that drive ongoing investment in building efficiency and managing ESG issues include:

- Improving rental returns
- It makes financial sense
- Consumer demand and sentiment
- Industry leadership
- Benchmarking and peering
- Future proofing
- Attracting and retaining investors

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.			

Dexus has identified and considered the following risks and opportunities:

Short term

- Current regulation: Maintaining legal compliance to environmental and climate related policy and legislation at Federal and State level of government, and associated increased compliance costs due to enhanced emissions reporting obligations.
- Emerging regulation: Monitoring and responding to emerging climate related legislation such as, emissions taxes and tariffs on energy, to maintain compliance. The introduction of emissions taxes or increased energy tariffs may lead to increased operations costs.
- Market: Change in investor behaviour to divest from businesses that exhibit high carbon intensity or that do not articulate a clear strategy for addressing climate change risks. The opportunity exists to leverage change in investor preferences to enhance competitive position and improve access to capital.
- Market: Change in customer expectations, particularly government tenants, for high performing efficient buildings. The shift in customer preference to occupy buildings with strong ESG performance enhances Dexus's competitive position, resulting in higher occupancy and rental returns.
- Acute physical risks: Change in frequency and severity of extreme weather events such as cyclones and floods. These extreme weather changes may result in increased insurance premiums and have the potential to reduce availability of insurance for assets in locations of high risk.

Medium term

- Technology: Existing and emerging technology can be applied to improve the efficiency of building operations. Technological change can increase Dexus's ability to monitor resource consumption and material flows in real time, resulting in better operational decisions to increase building performance. Smart data can improve customer sustainability engagement and whole building efficiency. Technological improvements to building plant equipment can increase resource efficiency when existing equipment reaches its end of life.
- Supply chain: Climate will impact Dexus's tier 1 supply chain in a variety of means. The potential impacts include advantages or disadvantages for suppliers based on their ability to meet Dexus's increasing sustainability preferences towards low carbon products and services, to support Dexus's net zero by 2030 target. In addition, suppliers may face challenges to adapt their business model and operations to thrive in a low carbon future scenario.
- Market: Access to new market revenue opportunities, particularly in the renewable sector, with the opportunity to leverage Australia's grid transformation and increases in distributed electricity generation by new market operations, which removes barriers and supports the implementation of on-site renewable energy.
- Value chain: Shifting market expectation to integrate scope 3 emissions, i.e. move towards a whole building approach for both climate mitigation and adaptation. The inclusion of occupant emissions into climate resilience strategy provides external certification opportunities, such as Science Based Target, and Green Star credits. Enhancing occupant sustainability engagement on reducing their carbon footprint supports Dexus's net zero by 2030 target and provides Dexus with a point of difference in its customer service offering.

Long term

- Chronic physical: Changes to climate such as rising mean temperature and heat stress. Rising mean temperature can lead to increased operating and maintenance costs, particularly as indoor temperature must be maintained to meet occupant comfort requirements.

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8
CC**

Indicate the associated timescales linked to these risks and opportunities.

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

Short term

- Current regulation: Dexus's Risk and Compliance team maintains a legal compliance register which includes all environment and climate related legislation at Federal and State level of government. The legal compliance register details control measures that track Dexus's compliance obligations, corrective actions and status, and accountability.
- Emerging regulation: Dexus's Sustainability team monitors emerging climate related legislation to assess the compliance impact to Dexus. Dexus maintains dialogue with industry bodies and government agencies to ensure adequate preparation for emerging regulation. For example, Dexus and the Property Council of Australia monitored policy developments around the National Energy Guarantee (NEG). Dexus assessed the price risk on its current and future energy costs that may result from the NEG.
- Legal: Dexus monitors its compliance risk against the National Greenhouse and Energy Reporting (NGER) Act for and has developed a framework to review and determine operational control. Dexus is monitoring the international adoption of the TCFD guidelines across companies and financial markets. Dexus has evaluated its alignment against TCFD reporting expectations, to benchmark its practices and support future disclosure in line with the TCFD framework.
- Market: Dexus monitors markets in which it operates with regards to how climate issues are identified and being addressed. Dexus engages in dialogue with the Investor Group on Climate Change, responds to investor surveys and ESG analytics queries on climate disclosure. In addition, Dexus monitors shifts in customer demands such as, government leasing minimum requirements for NABERS ratings and Property Council of Australia's Guide to Office Building Quality.
- Acute physical risks: Initial Status Audits (ISA), environmental risks assessments, are conducted on all acquisitions as part of Dexus's Environmental Management System (EMS). Dexus's EMS is certified against international standard ISO 14001:2015 and is implemented at a property level by the Operations teams. The EMS assess properties' risk exposure against long term scenarios for changes in extreme weather events

Medium term

- Technology: Dexus's Sustainability and Customer Technology teams consider emerging technology to optimise building operations and as part of capital equipment replacement, to reduce resource consumption and greenhouse gas emissions.
- Supply chain: Dexus's Supplier Code of Conduct highlights preference for low carbon products, particularly to achieve Green Star Performance. Dexus conducts annual surveys for sustainability monitoring. For example, in FY18 Dexus surveyed its panel of preferred suppliers to identify climate risks within Dexus's tier 1 supply chain.

- Value chain: Dexus's climate resilience strategy includes a science-based Scope 3 emissions reduction target, the achievement of which requires Dexus to effectively work with tenants to reduce their carbon footprint.

Long term

- Chronic physical: Dexus's portfolio-level climate change risk modelling reviewed physical property risks against the IPCC's AR5 RCP8.5 scenario using 2030 and 2070 time horizons. The assessment looks at chronic physical risks such as changes in the number of days with temperatures of more than 35 degrees Celsius and the mean maximum temperature risk forecasts for both time horizons.

No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

	Describe
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Assessing climate change risks, reducing greenhouse gas emissions and implementing adaptation measures is a material issue for Dexus, as Dexus seeks to reduce operational and financial risks and maintain its property portfolio's long-term resilience and competitiveness.

Through its Sustainability Approach, Dexus integrates the management of environmental, social and governance issues across the property lifecycle for its direct portfolio and across its funds and funds mandates. Climate-related risks and opportunities are addressed as part of the Enriched Environment objective, and the theme of Resilience. Dexus assesses the physical risks, economic risks, potential safety risks and resilience of each building in coping with climate change risks. Properties are ranked according to their overall level of risk and higher risk properties undergo further assessment and adaptation planning.

Dexus's response involves mitigating physical risks through investment decision-making, asset planning, preventative maintenance and adaptation activities. Dexus is also cautious of the transitional risks as they continue to evolve, conducting activities to gather data and insights to inform investment decision making.

Dexus reviews the sustainability risks of a potential acquisition before purchase through a rigorous due diligence process. This process requires details on the potential acquisition's environmental performance including NABERS ratings, Green Star ratings, energy and water consumption, climate change impact research or assessments that have been conducted, building upgrade and improvement plans, past energy and water audits undertaken as well as costing required to implement upgrades to the property in line with the Group's 5 star NABERS Energy rating target. The building performance can affect procurement decisions and determine the investment strategy for the asset, both in the short and long term.

For properties under management, environmental performance and reducing resource consumption is critical and is measured, monitored and managed to meet environmental performance targets. Dexus is committed to operational efficiency across the property portfolio to deliver savings in resource consumption, greenhouse gas emissions and to meet the environmental expectations of all stakeholders, now and in the future.

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

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

- 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

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 the Paris Agreement which is advocating significant reductions in emissions to keep global warming under two degrees against a pre-industrial baseline.

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Annual CDP Report

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
--	----------------

- URL

	URL
--	-----

<http://www.dexus.com/sustainabilityapproach>

- Attachment (will be made public)

	Attachment
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[File 1:2019 01 15 Work Health Safety and Liability Statement.pdf](#)

[File 2:2018 11 27 Whistleblower Policy.pdf](#)

[File 3:2018 11 16 Biodiversity Policy.pdf](#)

[File 4:2018 11 13 Human Rights Policy.pdf](#)

[File 5:2018 11 12 Investor Communications Policy.pdf](#)

[File 6:2018 07 30 Employee Code of Conduct.pdf](#)

[File 7:2018 07 30 Diversity and Inclusion Principles.pdf](#)

[File 8:2018 07 30 Directors Code of Conduct.pdf](#)

[File 9:2018 07 30 Continuous Disclosure Policy.pdf](#)

[File 10:2018 06 30 Risk Management.pdf](#)

[File 11:2018 01 16 Supplier Code of Conduct.pdf](#)

[File 12:2018 01 12 Anti Bribery Policy.pdf](#)

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

<http://www.dexus.com/2018DMA>

Attachment (will be made public)

Attachment

[File 1:2018 Dexus Disclosures on Management Approach.pdf](#)

Formalised guidelines on social factors

URL/Attachment

URL

URL

<http://www.dexus.com/2018DMA>

Attachment (will be made public)

Attachment

[File 1:2018 Dexus Disclosures on Management Approach.pdf](#)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

<http://www.dexus.com/2018DMA>

Attachment (will be made public)

Attachment

[File 1:2018 Dexus Disclosures on Management Approach.pdf](#)

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

<http://www.dexus.com/2018DMA>

Attachment (will be made public)

Attachment

[File 1:2018 07 30 Employee Code of Conduct.pdf](#)

[File 2:2018 07 30 Directors Code of Conduct.pdf](#)

[File 3:2018 01 16 Supplier Code of Conduct.pdf](#)

Screening / exclusions policy

URL/Attachment

URL

URL

<https://www.dexus.com/2018DMA>

Attachment (will be made public)

Attachment

[File 1:2018 Dexus Disclosures on Management Approach.pdf](#)

[File 2:2018 03 22 Embargo Policy.pdf](#)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation’s definition of ESG and/or responsible investment and it’s relation to investments

URL/Attachment

URL

URL

<https://www.dexus.com/sustainabilityapproach>

Attachment

File Attachment

[2018 Dexus Disclosures on Management Approach.pdf \[1459KB\]](#)

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

<http://www.dexus.com/sustainabilityapproach>

Attachment

File Attachment

[2018 Dexus Disclosures on Management Approach.pdf \[1459KB\]](#)

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

<https://www.dexus.com/2018DMA>

Attachment

File Attachment

[2018 Dexus Disclosures on Management Approach.pdf \[1459KB\]](#)

ESG incorporation approaches

URL/Attachment

URL

URL

<https://www.dexus.com/2018DMA>

Attachment

File Attachment

[2018 Dexus Disclosures on Management Approach.pdf \[1459KB\]](#)

Active ownership approaches

URL/Attachment

URL

URL

<https://www.dexus.com/investors/investor-information/why-invest-in-dexus>

Attachment

Reporting

URL/Attachment

URL

URL

<https://www.dexus.com/2018sustainabilityreport>

Attachment

File Attachment

[2018 Dexus Performance Pack.pdf \[5156KB\]](#)

Climate change

URL/Attachment

URL

URL

<https://www.dexus.com/2018sustainabilityreport>

Attachment

File Attachment

[2018 Dexus Disclosures on Management Approach.pdf \[1459KB\]](#)

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

<https://www.dexus.com/2018sustainabilityreport>

Attachment

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Dexus publicly discloses its governance framework on its website. Within this framework Dexus articulates its approach to responsible investment. Key public documents include:

- Public corporate policies
- Codes of Conduct for Directors and employees
- Board Committees and their terms of reference
- Dexus's Sustainability Approach
- Sustainable Procurement Policy and Supplier Code of Conduct

In addition, Dexus maintains internal documents relating to the implementation of responsible investment including policies, risk management framework documents, operations manuals, tools and checklists.

Overall Approach

Dexus's overall approach to responsible investment is described within the following policies and committees, which form its corporate governance framework.

Policies:

Dexus has developed several policies, which together form the set of requirements under which Dexus and its employees conduct business and maintain governance. Those that relate specifically to responsible investment include:

- Director's and employee codes of conduct
- Diversity principles
- Environmental statement
- Continuous disclosure
- Risk management
- Sustainable procurement
- Supplier Code of Conduct
- Human rights

Committees:

Investment Committee: Dexus's Investment Committee is tasked with reviewing all investment, divestment and development proposals concerning Dexus and each of its managed funds and clients.

The Investment Committee recognises its fiduciary duty to put aside personal interest in favour of client interests. This committee uses a formal process and templates to collect and evaluate a wide range of risks, opportunities and their impacts relating to investment decisions for consideration prior to approving or endorsing each investment decision.

Group Management Committee (GMC): Oversees business operations including its management of compliance, risk and sustainability. The GMC reports directly to the Dexus Board. The GMC oversees sustainability and 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 the Risk Management Framework and Sustainability Approach.

Property Executive Committee (PEC): Chaired by the CEO, PEC members include the CIO, CFO and Executive General Managers to oversee Dexus's ongoing operations to achieve Dexus's operational and strategic objectives with respect to property performance, development and trading, and customer and innovation.

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 Risk Committee: Oversees group risk management compliance, internal audit and risk and sustainability 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.

Further information and guidelines regarding Dexus's corporate governance structure and approach can be found on its Governance Disclosure on Management Approach which is available at: <https://www.dexus.com/2018DMA>

Proxy Voting

Dexus's strategy focuses on direct property investment and active management, and as a result there is no historical basis for exercising voting rights.

Screening/exclusion policy

Dexus applies ESG related screening and exclusion practices in two key areas:

Investment Committee - potential investments are screened as part of a rigorous due diligence process that includes environment related disqualification criteria. For example, Dexus is averse to acquiring property with the presence of contaminated land. Should a potential investment be found to be impacted by contaminated land, the determination as to whether Dexus will acquire the site will take into consideration the extent of contamination and the cost of remediation.

Sustainable Procurement - as part of all supplier engagements, Dexus requests that suppliers adhere to its Sustainable Procurement Policy and agree to abide by its Supplier Code of Conduct. Suppliers that cannot make this commitment are excluded from further evaluation. ESG issues are also reviewed and ranked as part of the tender evaluation process and may affect a potential supplier's ranking.

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 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.

Guidelines on corporate governance

Risk Management Framework

Responsible investment involves a structured process for mitigating risks associated with ESG issues.

Through Dexus's Risk Management Framework, risks are identified and managed in a consistent, systematic, credible and timely way to minimise the impact of unexpected and undesirable events and to provide the ability to consider opportunities as they arise.

This framework is built into Dexus's daily operations via accountabilities, standard operating procedures, tools and templates, management oversight, collaboration/knowledge sharing, and audit/assurance.

A Risk Management Framework guidance document provides instructions to all employees in regard to understanding risks, identifying, analysing and evaluating them, as well as each employee's responsibilities. All employees receive induction training that includes review and assessment of this guide.

Environmental, Social and Governance Guidelines

Sustainability Approach

Dexus's Sustainability Approach incorporates the UNPRI 'Six Principles' within its goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across Dexus's value chain". It forms the basis from which sustainability commitments and targets are formed, and how achievement is measured.

Please refer to the Dexus website (<http://www.dexus.com/sustainabilityapproach>) for further information regarding the Sustainability Approach, commitments and achievements.

Management approaches

Dexus invests responsibly in its people and takes great pride in providing a safe, flexible and enjoyable work environment. Guidelines on ESG issues are contained within various policies and codes of conduct, as described within Dexus's Disclosures on Management Approach documents for employees, customers and tenants, and across Dexus's supply chain. These are publicly available at <https://www.dexus.com/2018DMA>

The Dexus intranet is available to all employees and contains Dexus's policies and position regarding a range of ESG issues. The intranet also guides team members regarding the use of policies, process workflows, escalation processes and how governance is maintained.

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Dexus maintains two internal compliance policies relating to personal and corporate conflicts of interest. The purposes of these are to:

- Assist employees to understand what constitutes a conflict of interest
- Describe the process to effectively manage conflicts

Dexus's internal Investment Procedures Compliance Policy sets out the procedures to be used in the investment process to ensure that acquisitions are appropriate, permitted and are in accordance with the client objectives and strategies.

Dexus's internal Allocation Compliance Policy sets out procedures to ensure a fair and equitable allocation of property acquisition and an allocation process where more than one Group member is interested in the asset acquisition, the Acquisition will be allocated as per the Priority List for each sector.

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

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

Dexus's Conflict of Interest Register provides a central record of all material conflicts.

No

SG 03.3

Additional information. [Optional]

As part of employees' individual performance scorecards, Dexus staff are required to demonstrate a working knowledge of these policies.

Objectives and strategies

SG 05

Mandatory

Public

Gateway/Core Assessed

General

SG 05.1

Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2

Additional information. [Optional]

Setting Objectives

Each year Dexus sets, reviews and updates corporate objectives within its responsible investment framework following input from key Dexus stakeholders. Commitments are typically defined with respect to each of five key objectives (i.e. future-enabled tenants, thriving people, strong communities, leading cities, and enriched environment) and may relate to:

- Setting and achieving 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
- Implementing ESG projects at specific properties within the portfolio
- Broader ambitions to make a material impact on employees, the community and/or the environment

For details on progress against objectives, refer to 'Delivering FY18 Commitments' within Dexus's 2018 Online Reporting suite available at: <https://dexus2018.reportonline.com.au/performance/delivering-on-fy18-commitments>

Review Performance

Dexus management reviews performance against its objectives at least quarterly. During FY18 the Dexus Board met ten times in which the following governance reporting, discussion and decision occurs:

- Chief Executive Officer's report
- Company Secretary's report
- Minutes of Board Committee meetings
- Reports on asset acquisitions, disposals and developments
- Management presentations
- Other business where Directors can raise any topical matters

During FY18 the Dexus Board held three additional special meetings. Special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

Details on key activities carried out by the Dexus Board in FY18 are published within Dexus's 2018 Online Reporting suite available at: <https://dexus2018.reportonline.com.au/governance>

Reporting Progress

Dexus reports on select key commitments every six months and reports comprehensively on all commitments within its Annual Review, in line with requirements to transparently monitor and report performance outlined within Dexus's Environmental Statement.

Dexus maintains an internal monitoring and reporting program to continually review progress against its ESG commitments. Environmental performance is under ongoing review through the following forums:

- Daily monitoring of building consumption trends by Building Managers
- Monthly sustainability team meetings involving stakeholders from Dexus and its managing agent
- 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
- Formal updates on key performance indicators to the Dexus Executive and the Board (via Board Risk Committee, and Group Management Committee) every quarter

Dexus measures its success in the following ways:

- Completion of commitment milestones
- Achievement of targets
- Feedback from tenants, customers and employees
- Awards and external recognition
- Inclusion to and rankings within sustainability and leadership indices

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1

Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

Select from the below internal roles

- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - EGM - IR, Communications and Sustainability**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (1)

Other description (1)

- Head of Risk and Compliance**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment

Board Members execute their RI oversight/accountability or implementation responsibilities as follows:

- Board members and the CEO have accountability to security holders and the public regarding Dexus's responsible investment activities including transactions and portfolio financial performance and ESG performance
- Board Members sit on Board Committees which meet quarterly to review and approve relevant Corporate and Compliance Policies and review reports on ESG performance including active projects, achievements and performance metrics
- Final decision makers (in conjunction with investment partners) regarding major investment decisions as recommended by Dexus's Investment Committee

The **Chief Executive Officer (CEO)** executes his RI oversight/accountability or implementation responsibilities as follows:

- The CEO, together with the Board has accountability to security holders and the public regarding Dexus's responsible investment activities including transactions and portfolio financial performance and ESG performance
- The CEO chairs a number of management committees including the Group Management Committee (GMC) and the Corporate Responsibility, Inclusion and Diversity Committee (CRID)
- As Chair of the Investment Committee (IC), the CEO is a key decision maker regarding acquisitions and disposals, and major capital expenditure including environmental upgrade projects
- The CEO actively advocates for and champions Dexus initiatives including its Sustainability Approach, and its approach to achieving workplace equality and diversity

The **Executive General Manager, Investor Relations, Communications and Sustainability** has responsibility for Dexus's Corporate Responsibility and Sustainability and Investor Relations functions, including:

- Providing open and ongoing two-way dialogue with the investment community and other key stakeholders
- Acting as the key point of contact with investors
- Engaging with the business to enhance ESG performance to meet investors demands
- Coordinating and overseeing communications of financial and operational performance and regulatory reporting requirements
- Overseeing Prism, Dexus's thought leadership online hub, providing insights into ESG issues for customers and the Dexus community
- Overseeing the group's sustainability strategy, operations, reporting and performance and reports this to Board and GMC

The **Head of Risk and Compliance** is responsible for the development, implementation and oversight of Dexus's compliance, risk management, internal audit and corporate governance programs which includes the following day-to-day activities:

- Providing training and advice on compliance, risk & governance issues
- Drafting & agreeing on Dexus Policies & Compliance Policies
- Overseeing monitoring and preventative reviews
- Co-ordinating and oversees internal audits
- Acting as the key point of contact with regulators
- Reporting to management & committees on compliance & risk issues
- Overseeing corporate governance initiatives
- Overseeing Dexus's Work Health and Safety System (OHSAS 18001 certified)
- Overseeing Dexus's Environmental Management System (ISO 14001 certified)

Third Party Fund Managers

Dexus partners with like-minded investors who value investment and property management expertise supported by best practice corporate governance principles. Dexus's integrated model of investment management provides third party clients with access to multi-sector expertise in investment management, asset management, development management and transactions.

Dexus's Third Party Funds Management platform incorporates RI accountability and implementation as follows:

- Accountability for the ESG performance of their portfolios to investors and mandate clients
- Engagement with investors to report on fund performance, acquisitions and disposals and project initiatives
- Setting targets and monitoring progress. Responsible for investment decisions and asset allocation
- Decision maker regarding large CAPEX projects (such as environmental upgrade projects) in conjunction with Investment Committee
- Reporting regularly to investors regarding portfolio financial and ESG performance

External Managers and Contractors

Dexus's external managers and contractors have a direct role in contributing to Dexus's ESG performance and execute their RI oversight/accountability or implementation responsibilities as follows:

External managers:

- Manage the operation of buildings to provide customer service to tenants and minimise ESG impacts
- Maintain property compliance with Dexus risk management and compliance systems including work health and safety, environmental management, and Dexus's property risk audit program
- Implement ESG related initiatives and projects within their buildings and communicating with tenants

Contractors:

- Provide day-to-day services to maintain properties and ensure their ongoing operations including HVAC system maintenance, cleaning and waste management
- Contractually agree to Dexus's Sustainable Procurement Policy and Code of Conduct which aligns with Dexus's environmental, social, human rights and governance policies
- Sign in and out via SASSI, Dexus's contractor management system. Contractors must be accredited and appropriately inducted to work at Dexus buildings. SASSI stores contractor and employee work activity and any relevant licences and certifications
- Oversee their team to ensure appropriate working conditions, a safe working environment, use of environmentally responsible products and responsible disposal of waste

Dexus's **Investor Relations** function promotes an open and ongoing two-way dialogue that integrates financial, operational and ESG performance, communication, marketing and securities law compliance to the investment community and other key stakeholders which ultimately contributes to Dexus's securities achieving fair valuation. RI oversight/accountability or implementation responsibilities include:

- Coordinating the structure of the Annual Report to best inform stakeholder in line with GRI 2016 and G4 Construction and Property Sector guidelines
- Maintaining the group's corporate and CR&S website including reports, property performance metrics, case studies, policies and descriptions of management systems. The team also maintains Dexus's social media presence
- Publishing property ESG information in accordance with legal requirements
- Coordinating internal communications and events to provide information and foster collaboration amongst teams and offices (e.g. corporate Intranet site, quarterly employee briefings, monthly social events etc.)

Dexus's **Head of Sustainability and Energy** coordinates day-to-day RI oversight/accountability or implementation responsibilities including:

- Facilitating Dexus's Group's Sustainability Approach including the setting ESG objectives against each key objective and monitoring progress
- Responsibility for environmental performance including target setting, monitoring and reporting
- Overseeing annual energy and emissions reporting as per legal requirements and external assurance of Dexus's environmental accounts

- Overseeing NABERS rating program to maintain legal compliance and setting building performance targets
- Conducting technical due diligence of building systems for potential acquisitions
- Implementing programs and projects across business units and buildings to facilitate or promote responsible investment, reduce energy and resource use, and lower greenhouse gas emissions
- Engaging with industry associations to share knowledge to address sustainability issues and identify and promote best practice opportunities
- Engaging with suppliers and product/service providers to new technologies and innovations of benefit to Dexus

SG 07.3 | Indicate the number of dedicated responsible investment staff your organisation has.

Number

4

SG 07.4 | Additional information. [Optional]

All operations and management team members are obligated to implement responsible investment practices which are built into Dexus's risk management framework and Sustainability Approach.

These employees have accountability for responsible investment as part of their personal KPIs. These KPIs relate to understanding and adhering to Dexus policies and procedures.

The Board, its endorsed committees, CEO, and Executive General Managers have primary responsibility for oversight of responsible investment.

I confirm I have read and understood the Accountability tab for SG 07

I confirm I have read and understood the Accountability tab for SG 07

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC | Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or head of department

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Other description (1)

Head of Risk and Compliance

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6
CC

For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Process and frequency of which the board/committees are informed of climate-related issues

The Board Risk Committee is 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.

The Board Risk Committee meets quarterly to review and approve relevant Corporate and Compliance Policies and review reports on ESG performance including active projects, achievements and performance metrics.

How climate-related issues are considered when reviewing and guiding-decision making

Climate-related issues are considered as one of several risks and opportunities that guide decision making in line with Dexus's Risk Management Framework and overall strategy. Climate-related issues are considered with regard to the following as they relate to specific decisions:

1. Physical risks - risk exposure against long-term scenarios for climate-change related impacts (e.g. changes in temperature and rainfall, increased frequency and severity of flooding, tropical storms, extreme winds and rising sea levels)
2. Transitional risks - economic risks, social risks and potential safety risks
3. The group's portfolio's and/or building's resilience to cope with these scenarios

How the board/committees monitor and oversee progress on climate-related targets and goals

The Board Risk Committee receives quarterly reports from the Sustainability team regarding the status of progress against key Dexus environmental commitments, and key projects that form part of the group's climate resilience strategy. The Risk and Compliance team update the Board Risk Committee on risk management programs, activities, and impacts. The committee also receives updates from various management committees including the Group Risk Committee.

SG 07.7
CC

For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.

Organisational structure

The key management stakeholders for addressing climate-change issues are:

4. **Executive level:** Group Risk Committee and Group Management Committee (GMC) - overall management accountability for assessing and managing climate-related issues, governance and risk management programs
5. **Senior Management level:** Office and Industrial Executive Committee, Retail Executive Committee, Dexus/CBRE Strategic Management Committee - operational accountability for managing climate-related issues, with support from the Sustainability and Risk & Compliance teams
6. **Operational level:** Office and Industrial Operations Teams, Retail Operations Teams - responsible for implementing climate-related issue management initiatives and programs, and reporting property and portfolio level outcomes

Board and committee reporting

The Group Risk Committee is accountable to and reports to the GMC and Board Risk Committee on the effectiveness of compliance, risk and internal audit practices. The committee oversees the implementation and management of initiatives to maintain effective management of risks that have the potential to impact Dexus's strategy and outlook. Climate is a key strategic risk to Dexus with potential impacts over the medium to long term, thus is actively reviewed and managed within Dexus's risk management framework and by the Sustainability team. Each key strategic risk, climate included, is discussed in depth on an annual basis.

The Sustainability Team reports monthly to the GMC, and quarterly to the Group Risk and Board Risk Committees regarding the status of progress against key Dexus environmental commitments, and climate resilience initiatives.

The Risk and Compliance team reports quarterly to the GMC, Board Risk Committee and Group Risk Committee regarding progress of risk management programs, activities, and impacts.

Understanding climate-related issues

Management utilises various means for gaining an understanding of climate-related issues:

- Internal discussion and information sharing
- Briefings by the Sustainability team
- Attending briefings and seminars
- Conducting a portfolio-wide climate change risk management assessment
- Monitoring energy and emissions against targets, and indirect impacts
- Reports from the Risk and Compliance team on management response, and climate-related incidents across the portfolio

Monitoring climate-related issues

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. The EMS has been designed to assess properties 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.

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.

Reducing Dexus's emissions footprint

The Sustainability team sets continuous improvement targets and monitors programs to drive reductions in energy use, the major contributor to Dexus's emissions footprint. In FY18 Dexus established the goal to achieve net-zero greenhouse gas emissions by 2030 across the group's managed portfolio through energy efficiency and increasing renewables. This goal is 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.

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)
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- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Dexus is a signatory to UNPRI and reports its implementation of the six principles annually. During 2017 Rob Sims, Dexus's Sustainability Manager, was a member of the PRI's Assurance Working Group, assisting in advising on how the PRI may proceed with introducing assurance requirements and/or other confidence building measures for its signatories.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Dexus is a CDP supporter as well as a signatory to CDP Climate Change and reports against its framework annually. Dexus attends industry events including CDP's Awards Presentation and engages directly with CDP Australia.

- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a GRESB Company Member, as well as being a member of GRESB's Australian Benchmarking Committee and industry working groups. Dexus is an active spokesperson for the initiative and maintains a direct working relationship with GRESB's Asia-Pacific office.

Dexus actively contributes to property related discussions and assisted with prepared papers and joint statements.

Dexus report its performance annually and attends results events.

- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a member of the IGCC and participates in its Property & Infrastructure Working Group. Through this working group, Dexus actively contributes to property related discussions and assists IGCC with understanding and progressing key investor issues relating to property risk management. Dexus provides general support for the initiative in various non-public forums.

- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
Green Building Council of Australia

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Green Building Council of Australia (GBCA) is a national, not-for-profit organisation whose key objectives are to drive the transition of the Australian property industry towards sustainability by promoting green building programs, technologies, design practices and operations as well as the integration of green building initiatives into mainstream design, construction and operation of buildings. Dexus is a member of the GBCA and actively supports the GBCA's aims and its Green Star building rating methodologies. Dexus supports the GBCA through:

- Assisting with prepared papers and joint statements
- Acting as an active spokesperson
- Supporting to some degree in leadership and/or in preparation of documentation
- Contributing to the organisation or content of events organised by the group
- Providing general support for the initiative in various non-public forum

Dexus rates key development projects using the Green Star rating tools, and was a participant on the working group that developed the Green Star Performance methodology.

Other collaborative organisation/initiative, specify

Property Council of Australia

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

The Property Council of Australia (PCA) is the leading advocate for Australia's biggest industry - Property. The majority of Australia's major investors, property owners and developers - as well as the industry's professional service and trade providers - are members.

Dexus is a corporate member of the PCA and plays a leading role in progressing group initiatives regarding advocacy, policy positions, market analysis.

Darren Steinberg, Dexus's chief executive officer is a director on the Board of the PCA. Dexus maintains extensive representation across various PCA committees with 29 Dexus team members participating in committees, roundtables and working groups.

Mr Steinberg is a foundation member of Property Male Champions of Change which was established in 2015 to drive greater gender equality in the property industry and increase the number of women in leadership roles.

Mr Steinberg uses his membership to promote gender equality within Dexus.

Other collaborative organisation/initiative, specify

Better Building Partnerships, City of Sydney

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Dexus is a founding member of the Sydney-based Better Building Partnerships (BBP). The Partnership aims to develop collaborative solutions and initiatives to overcome sustainability related barriers and achieve substantial improvements in the environmental performance of their buildings.

Paul Wall, Head of Sustainability and Energy, is Chair of the Leadership Group that forms the strategy for the Better Building Partnerships initiative.

Dexus also is a member of four BBP technical working groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking. It is through these working groups that the BBP's solutions and initiatives are implemented. Dexus is a regular attendee and assists with developing BBP's position on a range of issues. Dexus also acts as an active spokesperson.

Other collaborative organisation/initiative, specify

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
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Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

Description

Dexus Research actively monitors market trends and communicates information to tenants, investors and the media to support responsible investment decisions and identify risks and opportunities relating to investments and their local markets.

During FY18, Dexus held periodic briefings (or Information Sessions) for investors and employees regarding property markets as well as presenting its forecasts at half yearly investor presentations. Dexus's Head of Research maintains an active involvement with the Property Council of Australia as a presenter at the Property Council Academy Property Investment and Finance course. In addition, Dexus has a representative on the Academy Committee leveraging its expertise to develop course content alongside industry groups, overseeing the running of courses and determining the outcomes of courses held.

Dexus conducts Risk and Sustainability Roadshows across its portfolio on an annual basis during which Risk Management holds workshops for external facility managers on risk management principles, current and emerging risks and best practice risk management.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Provided financial support for academic or industry research on responsible investment
- Provided input and/or collaborated with academia on RI related work
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

Dexus encourages better transparency and disclosure of responsible investment practices. Dexus responds annually to several investor surveys and standards, publishes research papers, and formally discloses its performance each year in accordance with the GRI framework. Dexus Research provides data to MSCI on industry benchmarks such as net income, and capital expenditure. In September 2018, Dexus joined 500 other organisations to publicly commit to supporting the Task Force on Climate-related Financial Disclosures (TCFD) and aligning with the TCFD framework. Dexus is also actively involved in industry discussions to develop comparable TCFD aligned reporting moving forward.

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Spoke publicly at events and conferences to promote responsible investment

Description

During FY18, members of the Dexus research team and Dexus's senior management spoke publicly at a number of industry events and conferences. These speaking engagements focused primarily on investment trends, market and megatrends trends, cities of the future, and the various risk management issues associated with responsible investment and property management, including ESG issues. Dexus employees also had the opportunity to present to broader stakeholder groups on various aspects of responsible investment and property stewardship including facility management events, investor gatherings and conferences. At these events, Dexus employees participated in panel discussions and fielded questions incorporating financial, economic and sustainability issues. FY18 examples include:

- A variety of speakers presenting at Property Council of Australia (PCA) events on topics including the market outlook, emerging trends and future directions for the property sector.
- In March 2018, Claire Hashman, Legal Counsel presented at the Green Cities Conference on the topic of Green Leasing.
- In May 2018, Paul Wall, Head of Sustainability and Energy presented at a PCA Business lunch – Powering Australia, covering national energy policy, energy costs and securing renewable energy in response to policy developments

- Deborah Coakley, EGM Funds Management (and former EGM of People and Culture) presented at a PCA boardroom lunch about women in property: how Dexus creates for generations and what makes a great city
- Dan Cook, Head of People and Communities, presented at the HR Summit about managing constant change within organisations and maintaining an agile work culture

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Wrote and published in-house research papers on responsible investment

Description

Sound investment decisions require an in-depth understanding of real estate markets and Dexus Research is an integral part of the investment decision making process. Dexus Research tracks economic conditions and forecasts real estate market performance in all major commercial, retail and industrial property markets nationwide. Dexus publishes quarterly reports concerning market trends and risks/opportunities that may affect investment decisions. It is uncommon for property management companies to disclose their research, and Dexus sees its willingness to keep stakeholders informed of market trends as a key point of differentiation in its approach to responsible investment. Dexus Research's work on megatrends informed the articles published on Prism, Dexus's thought leadership hub. Example articles include: "Unprecedented connectivity: What will it mean for office users?", "AI is headed for your office, the only question is how soon will it arrive?", and "The transport infrastructure challenge for Australia" Further information regarding Dexus Research and copies of recent reports can be found at: <http://www.dexus.com/investors/all-news-and-media/dexus-research>

Frequency of contribution

- Quarterly or more frequently
 - Biannually
 - Annually
 - Less frequently than annually
 - Ad hoc
 - Other
- Encouraged the adoption of the PRI
- Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)
- Wrote and published articles on responsible investment in the media

Description

Dexus's online thought leadership hub Prism, provides insights and information as a resource for Dexus's customers and communities. Prism contains links to articles, research and videos on a wide array of topics. Customers are encouraged to use this information resource on a regular basis and invited to subscribe to updates.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

A member of PRI advisory committees/ working groups, specify

Description

During FY18 Rob Sims, Sustainability Manager, was a member of the PRI's Assurance Working Group, assisting in advising on how the PRI may proceed with introducing assurance requirements and/or other confidence building measures for its signatories.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

Description

Dexus is a founding member of the Sydney-based Better Building Partnerships (BBP). The Partnership aims to develop collaborative solutions and initiatives to overcome sustainability related barriers and achieve substantial improvements in the environmental performance of their buildings.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

Other, specify

No

During FY18, Dexus implemented several responsible investment actions and initiatives. Customer related initiatives included:

- **Workspace Dexus:** A suite of customer services that are designed to provide flexibility to customers and make their working lives simple and easy. Workspace Dexus has been developed following extensive customer engagement and will continue to evolve into the future.
- **Wellplace:** Customer initiatives that aim to create healthy, enriched, productive communities. Wellplace satisfies the growing customer desire for health and wellbeing services and amenities in the workplace
- **Dexus Place:** Located across Sydney, Melbourne and Brisbane, Dexus Place meets customer demand for flexible, on-demand meeting, training and event facilities
- **SuiteX:** A workspace solution that provides greater flexibility in short-term tenure and space with modular design that enables reusability of fit out and achieves cost efficiencies
- **Childspace:** Provides Dexus customers with prioritised placement to childcare, easing their employees' transition back to work
- **Car share and transport solutions**
- **12 new retail centre websites:** Utilising social media platforms to connect customer communities, driving greater participation in building activities and conversations between customers and Dexus

From a people perspective, Dexus achieved a number of milestones towards creating a flexible, diverse and inclusive workplace, including:

- Achieving gender pay equity in like-for-like roles
- Continuing to champion gender equality, with Dexus's CEO actively involved in the Property Male Champions of Change program
- Embedding wellbeing into Dexus's culture, driven by Dexus's Thrive Communities
- Providing support to victims of domestic violence through the launch of Dexus's Domestic Violence Leave Policy

Dexus continues to invest in the communities in which it operates. In FY18 Dexus contributed more than \$1,000,000 in community investment through employee volunteering programs, in-kind support and corporate donations. Beneficiaries include:

- **Sydney Children's Hospital Foundation (SCHF):** Dexus raises funds for the SCHF during Dexus Diamond Week through a fundraising campaign held in the foyer of its buildings charities. Support for other charitable organisations that focus on the health and wellbeing of local communities

Dexus's products and services suppliers form another important community. In FY18 Dexus reviewed its strategic procurement strategy and moving forward Dexus aim to better leverage its size and scale to procure smarter with a long-term view. During FY18, Dexus undertook the following:

- Completed an assessment of its supply chain risks to understand the inherent upstream environmental, social and governance 'hot spot' supply commodities within its property life cycle
- Surveyed key suppliers on their relationship with Dexus, gaining perspectives on supply chain issues and opportunities that may impact Dexus
- Collaborated with the Property Council of Australia (PCA) to monitor and prepare for the National and NSW State Modern Slavery Act (MSA). Dexus engaged with the PCA to progress work to deploy an industry-wide supply chain due diligence tool. Adopting a common approach will reduce reporting burden on the suppliers and reduce compliance costs

In FY18 Dexus continued to create sustained value in leading Australian cities by:

- Activating precincts and providing open public spaces servicing the community
- Collaborating with industry, Dexus's peers and local governments to build and promote sustainability initiatives and projects into new and existing properties

- Celebrating Dexus's cities as cultural destinations through local events and festivals

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1 Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, to assess future ESG factors

Describe

Dexus Research's modelling is structured around 'customer' (demographics), 'cities' (infrastructure) and technology and its impact on the real estate sector. The research involves identifying long-term growth and risk trends to determine preferred markets/sectors. The Long-term thematic (megatrends) considered include urban density, knowledge economy, ecommerce, sharing economy, automation and driverless cars/ridesharing

- Yes, to assess future climate-related risks and opportunities

Describe

Dexus conducts portfolio-level climate change risk modelling whereby physical property risks are reviewed against the IPCC's AR5 RCP8.5 scenario using 2030 and 2070-time horizons. To assess Dexus's future energy efficiency opportunities and transition to renewable energy sources, energy use and price modelling is conducted through to 2030,

- No, not to assess future ESG/climate-related issues

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

Research activities

Dexus's in-house Research team identifies and analyses key 'megatrends' that affect the property sector such as, increased urban density, changing age demographics, transition to a service and knowledge economy, e-commerce, sharing economy/co-working, automation and robotics, and driverless cars/ridesharing. Research reviews a wide-array of local, regional and national datasets to identify and assess the impacts of such trends.

Climate change risk analysis

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

Dexus 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. The study will be used to inform future investments and establish mitigation plans for existing investments.

Climate Modelling

Dexus has conducted bottom-up emissions modelling to map our track record over the last 10 years in achieving energy efficiency goals, and to map the decarbonisation required for Dexus to play its part in limiting global average temperature increases to below 2 degrees by 2050, measured against pre-industrial levels.

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.

- Initial assessment

Describe

Dexus's climate scenario analysis uses results from the highest emissions scenario (RCP8.5) from the 2014 IPCC report. 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 from Low to High using Dexus's standard 2-dimensional risk rating matrix, which assesses likelihood (from almost certain to rare) and consequence (from insignificant to catastrophic) for each type of physical risk. The scenario analysis was supplemented with NARCLiM the highest resolution dataset available for Australia.

Analysis has informed overall level of physical risk, nominated identified-risk across all existing properties and identified and geographical hotspots. The climate scenario 2070 time horizon is used to inform the business of the trend of the forecasted magnitude of climate related risks and the spatial hot-spots, which can be used to inform long-term strategic planning.

In addition, Dexus has applied climate scenario analysis outcomes to inform energy use and price modelling out to 2030 with comparison against sector decarbonisation consistent with 2 degrees warming against pre-

industrial levels. This analysis has been used to align future targets with science-based outcomes to avoid serious climate-change effects and develop future targets on energy efficiency and renewable energy.

Dexus reviews the climate and sustainability risks and opportunities of a potential acquisition before purchase through a due diligence process. This process requires details on the potential acquisition's environmental performance and climate change assessments that have been undertaken, building upgrade and improvement plans, past energy and water audits, as well as costing required to implement upgrades to the property in line with the group's 5-star NABERS Energy rating target. The building performance and climate-related exposure can affect procurement decisions and investment strategy for the asset.

Initial Status Audits (ISA), environmental risks assessments, are conducted on all acquisitions as part of Dexus's Environmental Management System (EMS). Dexus's EMS is certified against international standard ISO 14001:2015 and is implemented at a property level by the operations teams.

The EMS has been designed to assess properties 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. Post-acquisition, reinspection environmental management reports or 'Statement of Environmental Aspects' are conducted for each property prepared from the ISA and reviewed annually.

Dexus's annual environmental audit process involves analysis and determination of climate change risk level based on the inherent risk to recent and historical natural disasters. From this process key risks are identified, and site mitigation plans are developed. Dexus conducts annual Risk Assessment workshops using a Risk Register that includes property climate change risk.

Incorporation into investment analysis

Describe

Climate related risks and opportunities are one of several considerations Dexus makes during acquisition and divestment decision making. The overall magnitude of climate-related impacts on Dexus is low however, in some cases, a decision has been made not to go ahead with transactions that otherwise would be a worthwhile investment or divestment.

Dexus's decision to buy and sell properties is dictated by formal due diligence processes to collect and evaluate a wide range of risks and opportunities and their impact on investment decisions prior to approving or endorsing an investment/divestment decision.

The due diligence process is used to identify ESG risks, such as exposure to physical climate risk, the ability to attract and meet tenants' demand based on asset energy performance and the CAPEX required to align the asset to meet Dexus's sustainability targets over the short to medium-term. Outcomes of the due diligence process influence Dexus's investment decisions. Material issues could lead to the abandonment of the potential investment, while less significant issues, risk and opportunities may influence the investment price or the terms of sale. In other cases, climate related risks and opportunities that have negligible impact may not influence the investment decision.

Inform active ownership

Describe

Energy is a significant operating cost, contributing around 10% of Dexus property-related operating expenses. Dexus analyses and implements operational efficiencies to reduce energy use and develops budgets that take into consideration forecast movements in energy prices which are driven, in part, by climate related impacts. Dexus conducts group-wide procurement of electricity to reduce costs and manage this transitional risk and has allocated resources to track and benchmark performance and identify energy efficiency opportunities, maintain regulatory compliance and access government funding where available.

Dexus is also progressing options for onsite and offsite renewable energy to supply base building and tenant requirements as part of Dexus's climate resilience strategy, to reduce energy market volatility and climate exposure through progressive purchase agreements (PPA) and rooftop solar PV. Industrial rooftop leasing for solar PV is a product opportunity that reinforces Dexus's commitment sustainability with the potential for additional rental income from industrial properties.

In conjunction with the Property Council of Australia, Dexus has been monitoring national energy policy developments including progress towards a Renewable Energy Target. Climate and energy related policies have a direct cost impact to Dexus, Dexus's exposure to the energy market and existing and future government initiatives influences Dexus's energy price exposure and associated climate impacts. Dexus has assessed the

price risk on its current and future energy costs and engaged in discussions with its electricity retailer on the electricity price movements that may result from changes in energy and climate related legislation.

Analysis of market and government sentiment on renewable energy and technological advancements and their relative impact to Dexus was used to set Dexus's New Energy, New Opportunities strategy and pathway towards achieving net zero emissions by 2030.

In further work, Dexus will analyse the economic and climate-related risks/benefits relating to the feasibility for portfolio-wide adoption of rooftop solar PV across industrial assets. Results from scenario analysis will be used to prioritise sites and inform the business case.

Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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Yes

	Describe
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Climate change risk analysis

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

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. This study is used to inform future investments and establish mitigation plans for existing investments.

Climate Modelling

Dexus has conducted bottom-up emissions modelling to map its track record over the past 10 years in achieving energy efficiency goals, and to map the decarbonisation required for Dexus to play its part in limiting global average temperature increases to below 2 degrees by 2050, measured against pre-industrial levels.

No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios the organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input checked="" type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14

Mandatory to Report Voluntary to Disclose

Public

Additional Assessed

PRI 1

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

- Urbanisation and its impacts on the property market
- Other, specify(2)
 - None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			86	500	000
Currency	AUD				
Assets in USD			63	793	514

Specify the framework or taxonomy used.

The Healthcare Wholesale Property Fund's (HWPF) sustainability credentials are underpinned by the Clean Energy Policy (CEP) together with the investment of foundation investor, the Clean Energy Finance Corporation (CEFC).

The CEP outlines the adoption of design and operation practices and use of innovative technology and approaches to maximise energy performance and minimise greenhouse gas emissions across the Fund's property portfolio. The policy includes the following requirements:

- Design targets based on Green Star Design& As Built and Performance
- Operational targets based on achieving and maintain a Green Star Performance Rating
- Developing net zero carbon targets
- Developing clean energy plans
- Developing low emission transport plans
- Tenant and customer engagement on environmental topics

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.4

If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

- CDP Climate Change assessment
- Task Force on Climate-related Financial Disclosure (TCFD) framework

SG 14.5

Additional information [Optional]

Research activities

Dexus Research identifies and analyses long-term thematic 'megatrends' structured around three key pillars: 'customer' (demographics), 'cities' (infrastructure and planning) and technology and its effect on the property sector. These long-term growth and risk trends are used to determine preferred capital allocation to deliver above-benchmark income growth and sustained value.

Key identified megatrends include increased urban density (resource scarcity), changing age demographics, transition to a service and knowledge economy, e-commerce, sharing economy/co-working, automation and robotics, and driverless cars/ridesharing.

Dexus Research models the expected impacts of these trends and develops a view on their impact to property sectors, geographic markets and customers.

Dexus conducts demographic studies across its Retail sites to understand social demographics, competition within the immediate vicinity and benchmarking.

Dexus Research publications are available for public download via the Dexus website at: <http://www.dexus.com/investors/all-news-and-media/dexus-research>

Carbon footprinting

Dexus measures its carbon footprint and formally reports on an annual basis to the federal government and the public on its emissions and performance trends with data independently assured.

Target setting

Dexus sets, reviews and updates corporate objectives within its responsible investment framework on an annual basis. Commitments are typically defined with respect to each of five key objectives (i.e. future-enabled tenants, thriving people, strong communities, leading cities, and enriched environment) and may relate to:

- Setting and achieving 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
- Implementing ESG projects at specific properties within the portfolio
- Broader ambitions to make a material impact on employees, the community and/or the environment

Dexus sets environmental performance targets to reduce its risk with regard to climate change and resource availability, to improve efficiency and reduce operating costs.

Third Party Property Managers

Property Management Agreements with third party property managers include contract clauses, agreed service levels and performance KPIs that focus on addressing compliance issues and maximising performance with regard to ESG issues. Agreements include KPIs linked to performance payments including maintaining building efficiency in line with Dexus targets or expectations or rewarding sustainability innovation.

SG 14 CC	Voluntary	Public		General
SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.			

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Track ongoing change in intensity (to account for portfolio changes) against internal targets and external benchmarks	kg CO2-e per square metre	Absolute emissions (calculated in accordance with GHG Protocol) divided by total square metres
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Track total scope 1 & 2 emissions for regulatory reporting	Tonnes CO2-e	National Greenhouse and Energy Reporting Act
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Track total scope 1, 2 & 3 emissions for voluntary offsetting of Dexus's managed operations under Australia's Carbon Neutral Program	Tonnes CO2-e	National Carbon Offset Standard
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Track total scope 1 & 2, plus scope 3s from energy, water & wastewater, waste and recycling and corporate travel and consumables for evaluating overall portfolio impacts of Dexus's managed assets	Tonnes CO2-e	GHG Protocol, via the NGER Act and Australia's National Greenhouse Accounts

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Time Frame	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	FY20 (5 years)	Reduce scope 1 & 2 emissions across the Group by a further 10% by 2020 using the FY15 baseline, for like-for-like properties.	File 1:2018 Dexus Sustainability Performance Pack.pdf
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	FY20 (5 years)	Reduce energy consumption across the Group by a further 10% by 2020 using the FY15 baseline, for like-for-like properties.	File 1:2018 Dexus Sustainability Performance Pack.pdf
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	FY30 (12 years)	To achieve net zero emissions across Dexus's managed property portfolio by 2030 through energy efficiency and increasing renewables. The emissions boundary comprises all emissions sources within Dexus's operational control, including upstream and downstream emissions	File 1:Dexus new energy new opportunities.pdf File 2:2018 Dexus Sustainability Performance Pack.pdf
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- ⦿ Process for climate-related risks is integrated into overall risk management

Please describe

Dexus conducts periodic group-wide climate change risk assessments to determine the magnitude of climate change risks across the portfolio. This involves desktop analysis of exposures to climate change related events and is supported by data from ongoing site risk management inspections.

Dexus's sustainability and risk teams identify, analyse and evaluate climate change risks and opportunities, referencing the Group's Climate Change Assessment Report and site audit program outcomes, and maintains a WHS&E risk register. Environmental, financial and reputational risks, and health and safety concerns are evaluated, and management controls are established.

Risks that are considered strategic are reviewed by the Senior Manager, Group Sustainability and Energy and Head of Risk and Compliance and escalated for review within annual Risk Assessment workshops using a Strategic Risk Register. The current risk to Dexus from climate change is low as properties are predominantly located in metropolitan areas with stable infrastructure and effective local government area planning for climate change impacts and services.

Acute physical risks and extreme weather events, are assessed as part of Dexus's annual risk engineering audit process and during due diligence for new acquisitions. The process involves analysis and determination of the level of climate change risk based on the inherent risk with reference to recent and historical weather event data, while factoring in climate change projections and previous loss data.

Key risks are identified, and site mitigation plans are developed to cover all risks including natural disaster risks. Strategic improvement plans are developed to improve energy efficiency and reduce greenhouse gas

emissions. Climate Change Adaptation Plans have been developed for the top ten properties at risk. Plans are coordinated at the corporate level and managed at the property level.

Dexus's Risk Management Framework aligns with the Australian and New Zealand standard for risk management (ISO 31000). The Risk Management Framework's treatment of climate-related risks is consistent with the process outlined above. Dexus's climate-related risks are assessed based on likelihood, consequence, and effectiveness of controls which is used to determine a resulting overall risk evaluation.

The Risk Management Framework determines the likelihood criteria ranges from almost certain to rare. Almost certain defined as the event is expected to occur several times a year, and rare defined as the event is expected to occur in exceptional circumstances, i.e. every 5 to 20 years.

The framework's consequence criteria range from catastrophic to insignificant and is broken down by the four main sources of risk faced by Dexus: strategic risks, operation risks, compliance risks and financial risks. Substantive or 'Catastrophic' strategic risks are defined as negative outcomes from persistent poor investment decisions or lost opportunities which, if not resolved, will result in strategic objectives not being achieved.

- Process for climate-related risks is not integrated into our overall risk management

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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- Yes

SG 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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Investment due diligence

Dexus has a rigorous due diligence process which is considered innovative in Australia. Initial Status Audits (ISA) detail site-specific aspects and impacts and are undertaken for all new acquisitions. Other considerations include environmental ratings and certifications, required building upgrades, past energy and water audits and corporate sustainability commitments. The buildings' performance will affect Dexus's procurement decision and investment strategy, both in the short and long-term.

Efficient Property Operations

Dexus focuses on maximising building operations to reduce energy and water consumption and seeks to acquire properties with poor energy and environmental performance where it can add value through environmental initiatives. This enables Dexus to enhance a property's underlying value while making it more attractive to prospective tenants and improving the comfort conditions for existing ones. This process also enables Dexus to maximise the quality of its managed portfolio and reduce maintenance requirements.

As an example, 14 Lee Street, Sydney improved its environmental performance due to implementation of a Strategic Improvement Plan to capture energy and water management ideas and opportunities formulated by the site teams.

The plan involved improvements to the Building Management and Control System (BMCS), deploying an open protocol system with integrated optimisation initiatives, together with water saving initiatives including bathroom

fixture leak management. The enhanced BMCS allowed Dexus to fully integrate within Dexus's broader 'virtual engineering' analytics platform that identifies issues through the use of algorithms, metering and notifications in a timely manner to enable immediate action.

New Energy, New Opportunities Strategy

Dexus is acting on the transition to a low carbon future with its New energy, New opportunities strategy which sets a pathway for Dexus to achieve net zero carbon emissions by 2030 through improving energy efficiency and increasing renewables.

The target is in line with the Paris Climate Agreement limit global warming under two degrees against a pre-industrial baseline.

Dexus's 2030 goal represents the continuation of a successful journey to date in reducing energy use, as well as taking Dexus in new directions to consider the elimination of direct emissions by electrifying buildings, and proactively decarbonising electricity, water and waste supply chains.

The pathway to net zero emissions includes:

- Improving energy efficiency: Dexus's aim is to achieve up to 50% in savings by 2030
- Adopting on-site renewables: Dexus will harness existing and emerging business models to deploy solar panels across the portfolio
- Adopting off-site renewables: Transformation of the national electricity market opens opportunities for large scale renewable sources to become a viable option within the national energy grid
- Looking beyond energy: Dexus seeks to reduce or eliminate emissions from operational waste and waste water generated within buildings and reduce the impact of refrigerants from air conditioning equipment
- Electrification: Transitioning to all-electric buildings powered by renewable energy and the complete removal of fossil fuels

Sustainable Property Development

Dexus utilises its development expertise to deliver best-in-class office buildings, city retail amenity and prime industrial facilities. Development provides Dexus with access to stock and leads to improved portfolio quality and diversification, attracts revenues through development management fees and delivers on capital partner strategies.

Dexus continued to enhance future investor returns through its development pipeline. In office, the development at 105 Phillip Street, Parramatta was awarded a 6 Star Design rating (Office v3). Dexus achieved a star Green Star design review rating (Design & As Built v.1.1) for its first smart building at 100 Mount Street North Sydney. Dexus registered its first healthcare asset, the North Shore Health Hub at St Leonards, targeting a 5 star Design & As Built rating.

Dexus works with preferred building services providers and equipment vendors to select best-of-breed products that will maximise environmental performance while delivering on performance expectations.

Enhancing the customer experience

Achieving customer satisfaction through an enhanced customer experience is a key Dexus priority.

Dexus actively monitors tenant satisfaction and in FY18 Dexus maintained a satisfaction with service score of 8.3 out of 10 in its tenant survey across the Group's office portfolio.

Workspace Dexus

Dexus works closely with customers and other stakeholders to improve customers' sustainability performance and awareness as well as delivering new products and services to improve customer experience and wellbeing.

Dexus's customer service offer, Workspace Dexus, comprises of:

- Five-star concierge service
- Flexible meeting and training facilities and event space (Dexus Place and Suite X)
- Car sharing and transport solutions
- Health and wellbeing services (Wellspace)
- Childspace, prioritised access to childcare services
- Intelligent sustainable buildings

Workspace Dexu connects more than 36,000 customers and building occupants through building online portals with exclusive access to services, retail offers, building specific information and opportunities for networking events and activities, creating strong vibrant communities.

Community Managers activate and engage with the community in and around Dexu office properties, enhancing the way people connect with each other and the places and spaces around them to make life at work more convenient, enjoyable and connected for building occupants.

Wellplace

Wellplace aims to create healthy, enriched, productive communities. Wellplace satisfies the growing customer desire for health and wellbeing services and amenities in the workplace.

Prism

Dexu's online thought leadership hub Prism, provides insights and information as a resource for Dexu's customers and communities. Prism contains links to articles, research and videos on a wide array of topics. Customers are encouraged to use this information resource on a regular basis and invited to subscribe to updates.

Sustainable Supplier Procurement

Dexu seeks to engage with like-minded suppliers concerning sustainability issues and practices. Dexu's suppliers vary in size and scale, and their capacity to integrate sustainable practices into their operations also varies. As a result, Dexu takes an individual and long-term view to managing and maintaining supplier relationships.

Dexu communicates its expectations to all suppliers and requires each one to operate in line with a Supplier Code of Conduct as well as understand Dexu's procurement requirements and commitments outlined in its Sustainable Procurement Policy.

No

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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SG 19.1	Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.
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Caution! The order in which asset classes are presented below has been updated in the online tool to match the Reporting Framework overview.

If you are transferring data from an offline document, please check your response carefully.

Property

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

The information disclosed to clients/beneficiaries is the same
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- Yes
- No

Disclosure to public and URL	
Disclosure to public and URL	<input checked="" type="checkbox"/> ESG information on how you select property investments <input checked="" type="checkbox"/> ESG information on how you monitor and manage property investments <input checked="" type="checkbox"/> Information on your property investments' ESG performance <input type="checkbox"/> Other
Frequency	<input type="checkbox"/> Quarterly or more frequently <input type="checkbox"/> Biannually <input checked="" type="checkbox"/> Annually <input type="checkbox"/> Less frequently than annually <input type="checkbox"/> Ad-hoc/when requested
URL	http://www.dexus.com/crs
URL	http://dexus2018.reportonline.com.au/

SG 19.2	Additional information [Optional]
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Disclosing ESG-related information about pre-investment activities (screening, due diligence and investment decision)

As part of its 2018 submission to the United Nations on its Principles of Responsible Investment (PRI) Dexus disclosed the due diligence process undertaken when acquiring new properties. Dexus addresses climate change and sustainability risks of a potential acquisition before purchase through a rigorous due diligence process. This process requires details on the potential acquisition's environmental performance including NABERS Ratings, Green Star ratings, energy and water consumption, climate change impact research or assessments, building upgrade and improvement plans, past energy and water audits, as well as costing required upgrades to the property in line with proposed site performance targets. The building performance will affect Dexus's procurement decision and investment strategy, both in the short and long-term.

Disclosing ESG-related information about how existing property investments are managed (investment monitoring, active ownership and exits)

As part of its 2018 submission to the United Nations on its Principles of Responsible Investment (PRI) Dexus disclosed the process of the management of existing property investments by Dexus. Dexus's Board Risk Committee receives quarterly reports on the results of companywide and property specific assessments and monitors progress in line with action plans developed by line management.

Disclosing ESG-related information about ESG performance

Dexus discloses its ESG related information primarily via the sustainability section of its corporate website (<http://www.dexus.com/sustainability>). Dexus's Annual Report and Performance data pack discloses Environmental, Social and Governance performance as well as key performance indicators under the Global Reporting Initiative (GRI) standard. Within the Performance data pack, Dexus discloses environmental performance at an organisation level, across key stakeholder groups. Additional data for key environmental metrics such as greenhouse gas

emissions, energy and water use, is provided by fund and property type, as well as the current NABERS ratings for each rated property.

Please refer to both documents for further information (links provided below).

Frequency

Most ESG-related performance indicators are reported on an annual basis however environmental performance is reported on a quarterly basis within the quarterly investor updates for third party funds that are managed by Dexus.

Non-disclosure

Dexus does not hold any mandates that preclude the public reporting of ESG information as part of corporate summaries.

For further information:

- The 2018 Performance Pack is available at: <https://www.dexus.com/2018sustainabilityreport>
- The 2018 Annual Report is available at: <https://dexus2018.reportonline.com.au/>
- The 2018 UNPRI Transparency Report can be found in the Dexus CR&S library <https://www.dexus.com/crslibrary/>

Dexus

Reported Information

Public version

Direct - Property

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

PR 01

Mandatory

Public

Core Assessed

PRI 1-6

PR 01.1

Indicate if your organisation has a Responsible Property Investment (RPI) policy.

Yes

PR 01.2

Provide a URL or attach the document

URL

<http://www.dexus.com/sustainabilityapproach>

Attach Document

[2018 Dexus Disclosures on Management Approach.pdf \[1459KB\]](#)

No

PR 01.3

Provide a brief overview of your organisation's approach to responsible investment in property, and how you link responsible investment in property to your business strategy. [Optional]

The Dexus Board sets the tone, culture, and risk and compliance management objectives at Dexus. Responsible investment is encapsulated and integrated within strategies, policies and procedures that are implemented and monitored by a structured governance process.

Dexus board and corporate policies incorporate responsible investment and together form the set of requirements under which Dexus and its employees conduct business and maintain governance. Relevant policies include:

- Directors and employee codes of conduct
- Diversity and Inclusion Principles
- Biodiversity policy
- Environmental statement
- Continuous disclosure
- Whistleblowing reporting
- Anti-bribery
- Risk management
- Work Health Safety and Liability Statement Policy
- Sustainable procurement
- Supplier Code of Conduct
- Human rights

Through Dexus's Risk Management Framework, risks are identified and managed in a consistent, systematic, credible and timely way to minimise the impact of unexpected and undesirable events and to provide the ability to consider opportunities as they arise.

This framework is built into Dexus's daily operations via accountabilities, standard operating procedures, tools and templates, management oversight, collaboration/knowledge sharing, and audit/assurance.

Dexus's Sustainability Approach (<http://www.dexus.com/sustainabilityapproach>) incorporates the UNPRI 'six principles' within its goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across Dexus's value chain". It forms the basis from which sustainability commitments and targets are formed, and how achievements are measured.

Fundraising of property funds

PR 02	Mandatory	Public	Core Assessed	PRI 1,4,6
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PR 02.1

Indicate if your most recent fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

PR 02.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
- Approach to ESG issues in post-investment processes

PR 02.3

Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

Dexus periodically undertakes capital/fund raising activities for various funds across the Group, including adding capital to its third party wholesale funds management business on a selective basis.

Capital raising activities

Examples of capital raising activities undertaken by Dexus include:

Dexus listed property portfolio

Dexus's capital raising activities across its listed portfolio include:

- Dexus raised A\$653 million in the US Private Placement market in November 2017. All Private Placement investors were issued with a Private Placement Memorandum (PPM) in which it describes in detail its responsible investment approach regarding Governance, Management as well as Corporate Responsibility & Sustainability.

Dexus Industrial Partnership

During FY18 the Dexus Industrial Partnership completed three equity raising activities at a total value of \$27 million via existing investors to fund committed developments

Healthcare Wholesale Property Fund

HWPF was established in December 2017 and secured capital commitments from its foundation investors totalling \$185 million.

Information Memorandum

Dexus's unlisted funds (the 'Funds') conduct fundraising on an as-needs basis, either at the launch of a new vehicle, or to fund a transaction. All prospective investors are provided with a detailed Information Memorandum that describes in detail each Funds' responsible investment approach in regard to:

- Understanding investment risk
- Sustainability
- Governance and management

Within this document the Fund:

- Outlines the elements of its responsible investment framework
- Provides investors with an insight into the key investment decision makers

- Provides examples of its track record regarding pre-investment decision making and post-investment management practices
- The fund will respond to due diligence requests from investors that require additional clarification, to which the fund will respond directly

Reporting

The Funds prepare and distribute quarterly reports to investors. These reports include:

- Site performance metrics, financial performance summary for the last quarter, comparison against benchmarks and commentary
- Summary of key events that have occurred and their impacts on the portfolio (i.e. acquisitions, divestments, developments, etc.)

The Funds prepare and distribute annual reports to investors. These reports include the above information, plus:

- Sustainability performance summary including current NABERS and Green Star ratings where available
- Intensity figures for energy, water and greenhouse gas emissions, where available
- Commentary regarding current sustainability projects and results from completed projects

Secure Investor Website

Dexus also provides existing and potential investors with access to a secure investor internet portal which contains additional information to support investment decision making. This includes:

- Quarterly performance reports which contain reporting of sustainability metrics and commentary
- Documents describing governance processes
- Links to Dexus's Sustainability Approach <http://www.dexus.com/crs>

No

Not applicable as our organisation does not fundraise

Pre-investment (selection)

PR 04	Mandatory	Public	Gateway/Core Assessed	PRI 1
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PR 04.1	Indicate if your organisation typically incorporates ESG issues when selecting property investments.
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Yes

PR 04.2	Provide a description of your organisation's approach to incorporating ESG issues in property investment selection.
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Investment Committee

Dexus's Investment Committee is tasked with reviewing all investment and divestment proposals concerning Dexus and each of its managed funds and clients.

The Investment Committee recognises its fiduciary duty to put aside personal interest in favour of client interests. This committee uses a formal process and templates to collect and evaluate a wide range of risks, opportunities and their impacts relating to investment decisions for consideration prior to approving or endorsing each investment decision.

ESG issues and their impacts are evaluated alongside other key investment metrics thereby ensuring that CR&S issues are incorporated into investment decisions. This includes reviewing long-term asset plans and conducting appropriate environmental due diligence on acquisitions and disposals so that ESG risks can be identified and effectively managed.

A typical process for selecting investments is described below, noting how ESG issues are considered within each step where applicable.

7. Opportunities arise - Dexus actively seeks opportunities through on-market campaigns and engages with vendors off-market (either directly or indirectly)
8. Initial investigation and presentation of opportunity to Investment Committee - Potential opportunities undergo high level investigation (stage 1 due diligence) regarding key financial and ESG metrics (such as current NABERS rating), and the purchase strategy (e.g. buy and hold versus trading). This may summarise current building performance and its potential for building efficiency upgrades. Immediate risks (e.g. known flood risk, hazardous materials, previous history of earthquakes) are considered at this time, and then comprehensively during due diligence. The outcomes are summarised for review by the Investment Committee
9. Investment Committee decides to proceed with due diligence - the Investment Committee evaluates the opportunity summary and either decides to proceed or makes a recommendation to proceed (in the case of third party funds) based on the size of the investment
10. Conduct detailed due diligence - Dexus has a rigorous due diligence process. Opportunities that pass the initial recommendation and enter into a period of exclusivity with the vendor undergo formal due diligence that involves in-depth investigations into a wide range of issues and factors that will influence the final decision and/or parameters of the transaction. During this process, Transactions and Trading team brings in experts from across the business in the areas of tax, finance, sustainability, property services, legal, and treasury to conduct testing and review of documentation. External resources may be engaged to assist with providing information or perspectives where required. This may involve details on the potential acquisition's environmental performance including NABERS ratings, Green Star ratings, energy and water consumption, and climate change impact research or assessments that have been conducted. Following the results of stage 1 technical due diligence, the Investment Committee may approve further testing and analysis including but not limited to intrusive ground well boring and soil samples, reviewing building upgrade and improvement plans, past energy and water audits undertaken as well as costing required upgrades to the property
11. Preparation of Investment Committee and Board papers (pre-finalisation of due diligence) - The Investment Committee appoints a Due Diligence Committee (DDC) to verify and approve, where appropriate, the outcomes of the due diligence once finalised
12. The Investment Committee finalises its recommendation on whether to proceed to the Dexus Board or the Board of the third-party client

This process is documented in detail and supported by tools and checklists (such as the due diligence checklist). The use of checklists serves several purposes including:

- Ensuring a consistent approach and that all known items are considered; items are not overlooked
- Developing a roadmap - an effective handover document
- Compliance checklist - confirming that staff have followed the entire process

It must be noted that the process/checklist cannot always cover every eventuality/issue as some may be site specific, in relation to ESG issues. These are typically identified and resolved via a combination of skills and experience of the due diligence team, and the thoroughness of the due diligence process itself.

These processes have emerged over recent years and continue to evolve. Transactions and Trading works with Risk and Compliance to map the process. Governance is maintained and tested via internal and external audit.

PR 04.3

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process, and list up to three examples per issue.

Environmental

Environmental example 1, select one

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply, Flooding, GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other
- Flooding
- GHG emissions

Environmental example 1, description

Building environmental performance including energy/water efficiency, NABERS ratings, etc.

Environmental example 2, select one

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply, Flooding, GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other
- Flooding
- GHG emissions

Environmental example 2, description

Land issues – contaminated land, listing on environmental register, affections, etc.

Environmental example 3, select one

- Climate change adaptation
- Contamination
- Energy efficiency
- Energy supply, Flooding, GHG emissions
- Indoor environmental quality
- Natural hazards
- Resilience
- Transportation
- Water efficiency
- Waste management
- Water supply
- Other
- Other
- Flooding
- GHG emissions

Environmental example 3, description

Hazardous materials, flood and bushfire exposure, etc

- Social

Social example 1, select one

- Building safety and materials
- Health, safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Social example 1, description [OPTIONAL]

Town planning and urban renewal ambitions

Social example 2, select one

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Social example 2, description [OPTIONAL]

Compliance with the Disability Discrimination Act and Building Code of Australia relating to universal access

Social example 3, select one

- Building safety and materials
- Health, Safety and wellbeing
- Socio-economic
- Accessibility
- Affordable Housing
- Occupier Satisfaction
- Other
- Other
- Other

Social example 3, description [OPTIONAL]

Occupational health and safety, and wellbeing of building staff and tenants/customers

- Governance

Governance example 1, select one

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

Governance example 1, description

Counterparty risk with regards to being complicit to money laundering

Governance example 2, select one

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

Governance example 2, description

Counterparty risk with regards to being complicit to money laundering

Governance example 3, select one

- Anti-bribery & corruption
- Board structure
- Conflicts of interest
- Governance structure
- Regulatory
- Shareholder structure & rights
- Supply chain governance
- Other
- Other
- Other

Governance example 3, description

Tenancy lease agreements, tenant solvency, rent arrangements, rental arrears, primary activity of tenants to ensure Dexus's Socially Responsible Leasing policy and Fund exclusions criteria are fulfilled

No

PR 04.4 Additional information. [Optional]

Dexus implements a robust property risk management program to appropriately manage hazards and risks relating to personal health and safety, building safety, environmental, security and insurance risk. Dexus maintains a comprehensive audit program across its properties to assess building risks, and compliance with standards, regulations and certifications. The process involves the following as required: physical site inspections, risk assessment workshops, research and use of external benchmarking data, discussions with tenants/suppliers/contractors/regulators, collection and analysis of operational data.

Risk and Compliance manages the property risk audit program. Facility Managers are responsible for implementing the audit checklist at their property, including engaging external consultants and risk assessment professionals to undertake specific studies/investigations/reviews of specified processes/systems, areas or equipment.

Dexus tracks its audit program using Periskope, an online property risk management and auditing tool developed by Dexus to enable systematic and rigorous property risk profiling. It is a single point of access for tools and data assisting in property risk management.

The outcomes of sustainability risk assessments are documented in Property Risk registers and are actioned to reduce environmental and social risks to ensure occupant safety and comfort, maintain compliance with standards, regulations and certifications. Property risk registers are regularly reviewed and risk assessment outcomes are also used as input to Dexus's insurance program. Results from risk assessments and property risks are also reviewed within the context of developing or enhancing corporate policies or management systems. Recently this has led to the development of new forms/checklists and audit criteria.

PR 06	Mandatory	Public	Core Assessed	PRI 1
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PR 06.1

Indicate if ESG issues impacted your property investment selection process during the reporting year.

- ESG issues helped identify risks and/or opportunities for value creation
- ESG issues led to the abandonment of potential investments
- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the investment selection process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 06.2

Indicate how ESG issues impacted your property investment deal structuring processes during the reporting year.

- ESG issues impacted the investment in terms of price offered and/or paid
- ESG issues impacted the terms in the shareholder/purchase agreements and/or lending covenants
- ESG issues were considered but did not have an impact on the deal structuring process
- Other, specify
- Not applicable, our organisation did not select any investments in the reporting year
- We do not track this potential impact

PR 06.3

Additional information.

Evaluation and decision making/recommendations regarding ESG issues are conducted via a screening process and are the responsibility of the Investment Committee. This committee utilises the due diligence process to identify ESG issues within commentary during the selection process as:

- Material issues that will 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 will not impact Dexus

The Investment Committee analyses the information presented and adopts a combined Negative/exclusionary vs. Positive/best-practice screening process to reach one of the following conclusions:

- The potential investment is unaffected by ESG issues and can be evaluated against remaining criteria
- A material ESG issue has emerged and the potential investment must be abandoned
- Mitigation and/or management of identified ESG issues/opportunities is factored into the deal and/or post-investment management plan and the deal can be evaluated against remaining criteria
- Further investigation is required to fully understand a potential ESG risk or opportunity and as such a decision is withheld

Experience has shown that ESG issues will impact nearly all investment decisions however the types of impacts and their significance vary case by case.

During FY18, the Investment Committee evaluated a number of potential investments, some of which included ESG issues that influenced the decision to proceed or affected the purchase price and/or the purchase agreement. Examples include:

- 100 Harris Street, Pyrmont - Dexus acquired this boutique office building located in the thriving Sydney fringe office market of Pyrmont. 100 Harris Street presents a unique blend of heritage character with modern functionality. The A-Grade office building presents an opportunity for further environmental performance improvements through onsite solar.

- Dexus identified hazardous materials in a potential property acquisition and consequently negotiated within its terms of sale for the vendor to remediate the hazardous materials and provide certification of its completion.
- 11-167 Palm Springs Road, Ravenhall- This is a landbank located in the core West Melbourne industrial precinct and is set to benefit in the medium to long-term from its proximity to the proposed Western Intermodal Freight Terminal. Dexus plans to develop the site to prime commercial and industrial property. No contaminated land issues were identified during the site assessment as part of the due diligence process
- MLC Centre, Sydney - An iconic landmark in the heart of Martin Place, with potential development and redevelopment opportunities in the medium term.

Dexus is continually improving the way in which it conducts its due diligence when acquiring new assets. For example, Dexus proactively identifies flammable facades and combustible cladding as a part of the due diligence scope, an approach that has been adopted prior to the new legislative requirements.

Selection, appointment and monitoring third-party property managers

PR 07	Mandatory	Public	Core Assessed	PRI 4
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PR 07.1

Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.

Yes

PR 07.2

Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.

Selection process of property managers incorporated ESG issues

Types of actions

- Request explanation of how ESG is effectively integrated, including inquiries about governance and processes
- Request track records and examples of how the manager implements ESG in their asset and property management
- Discuss property level out-performance opportunities through greater integration of ESG criteria
- Request explanation of engaging stakeholders on ESG issues
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%
- Contractual requirements when appointing property managers includes ESG issues

Types of actions

- Include clear and detailed expectations for incorporating ESG
- Require dedicated ESG procedures in all relevant asset and property management phases
- Clear ESG reporting requirements
- Clear ESG performance targets
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%
- Monitoring of property managers covers ESG responsibilities and implementation

Types of actions

- Performance against quantitative and material environmental / resource targets over specified timeframe.
- Performance against quantitative and material environmental / resource targets against relevant benchmarks
- Performance against quantitative and qualitative targets to address social impacts of the portfolio/investment,
- Other, explain

Coverage

- >75% to 100%
- >50% to 75%
- <50%
- No

PR 07.3

Provide a brief description of your organisations selection, appointment and monitoring of third party property managers and how they contribute to the management of ESG issues for your property investments.

More than 90% of properties that are owned directly by Dexus or where Dexus acts as an investment manager on behalf of third party investors, are managed by Dexus. In these cases, Dexus acts as the Investment and Property Manager, with Facility Management conducted internally or via a third-party Facility Manager engaged by Dexus. The remainder of properties consist of co-owned properties where one of two situations occur:

13. The co-owner and Dexus have agreed that the co-owner is best placed to manage the property
14. Dexus acquires a part-interest in a property with an existing property manager that is retained. In these cases Dexus reviews the Property Management Agreement to ensure it aligns with Dexus policies and procedures including its Environment Policy.

Selection and contracting third party property managers

Dexus does not actively tender for third party property managers as this is a core function within Dexus.

Should this be required in the future, Dexus would apply its Tendering Policy and structured procurement procedures, which includes the consideration of ESG issues across the qualification, tendering, evaluation and contracting phases.

Through this process bidders' submissions are evaluated in regard to:

- Capacity to deliver services
- Technical ability
- Conformity with contractual terms
- Cost
- Performance risk
- Corporate responsibility and sustainability, including their commitments to addressing environmental and social issues such as labour standards, anti-bribery and corruption, respect for human rights and care for the environment
- Corporate culture, including their approach towards customer service excellence, risk tolerance towards creating a safe working environment
- Approach towards innovation and collaboration, partnering with expertise can strengthen decision making act as a catalyst for new ideas and innovation

Tenderers are provided with the Dexus Sustainable Procurement Policy and Supplier Code of Conduct.

Dexus works with the successful bidder to finalise terms and conditions and execute the Property Management Agreement. This includes agreement on performance monitoring mechanisms and key performance indicators.

Property Management Agreements may include contract clauses, agreed service levels and performance KPIs that focus on addressing compliance issues and maximising performance with regard to ESG issues. Examples may include:

- Adhering to Dexus policies and procedures including its Sustainable Procurement Policy, Work Health and Safety Policy, and Environment Statement
- Cooperating with Dexus to meet its ESG related legal compliance obligations including data provision for regulatory reporting, conducting environmental and risk management audits, maintaining a safe working environment, monitoring equipment (e.g. cooling towers) for compliance where required
- Agreed performance KPIs linked to performance payments including maintaining building efficiency in line with Dexus target expectations, or rewarding sustainability innovation

Monitoring third party property managers

Dexus monitors the performance of third party property managers by collecting and analysing building performance data including historical energy/water/waste data, NABERS ratings, Strategic Improvement Plans and Asset Plans specific to each property.

Investment Managers also maintain an active dialogue with third party property managers.

Post-investment (monitoring and active ownership)

Overview

PR 08	Mandatory	Public	Gateway	PRI 2
PR 08.1	Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.			

© Yes

PR 08.2

Indicate whether your organisation, and/or property managers, considers ESG issues in the following post-investment activities relating to your property assets.

- We consider ESG issues in property monitoring and management
- We consider ESG issues in property developments and major renovations.
- We consider ESG issues in property occupier engagements
- We consider ESG issues in community engagements related to our properties
- We consider ESG issues in other post-investment activities, specify

PR 08.3

Describe how your organisation, and/or property managers, considers ESG issues in post-investment activities related to your property assets.

Property monitoring and management*Monitoring*

An extensive data collection, monitoring and reporting system provides visibility on performance trends from corporate level down to individual buildings, meters and sub-meters. Dexus has a group-wide overview of the performance of each property through a resource consumption database monitoring and reporting, and real-time metering systems. Dexus engages an independent outsourced bill validation specialist to collect and validate utility invoices and populate data into the resource consumption database.

Building managers can access monthly trend reports, and interval and sub-meter systems for detailed consumption data.

NABERS energy and water ratings are tracked, and portfolio average ratings are monitored against Dexus's 5-star Energy and 4-star Water NABERS targets.

Dexus also conducts Green Star Performance ratings for eligible buildings to benchmark performance.

Reporting

Dexus reports internally to senior management committees and the Board Risk Committee on portfolio performance in terms of energy, water, waste, and greenhouse gas emissions.

As part of Dexus's annual reporting suite, the Sustainability Performance Pack, contains detailed analysis of the group's managed portfolio across a range of metrics and corresponding with FY18 commitments. The FY18 Performance Pack is located at: <https://www.dexus.com/2018sustainabilityreport>

Dexus communicates ESG targets and performance to tenants via online tenant portals, building waste and recycling road shows, annual Earth Hour campaign, Green Building Committees and tenant events.

Management and feedback

Dexus's Sustainability team works directly with third party property managers to continually monitor and review building performance. Fortnightly meetings cover a comprehensive agenda focused on all operational aspects relating to ESG. Performance trends are reviewed, anomalies identified, and Dexus requirements are communicated to the third party manager for dissemination to building managers to act upon.

Projects and initiatives

Dexus conducts periodic engineering assessments of its properties and develops and maintains a Strategic Improvement Plan for each property. The Dexus sustainability team works directly with third party property managers to implement projects and measure improvements in performance.

Dexus seeks project implementation funding where available. Dexus also participates in the NSW Energy Savings Scheme and generates Energy Savings Certificates based on demonstration of electricity reductions due to energy efficiency projects. These certificates are traded to realise extra funds for repaying projection implementation capital costs and for use in further building works.

Innovation and technology

Dexus constantly reviews and evaluate new technologies, equipment vendors, and ideas to improve operations to identify practical and cost-effective ways to maintain continuous improvement as innovative approaches can be an effective market differentiator. In FY18 Dexus rolled out a smart building blueprint at 100 Mount Street, North Sydney. More than 15 innovation technologies are expected to be implemented to deliver a better customer experience, optimising workforce productivity and wellbeing, and improving the building's sustainability performance.

Developments and refurbishments

Dexus is committed to developments that drive emission reduction e.g. designing and building market leading Green Star properties both in the office and industrial sectors. Active and recent development certifications include:

- 105 Phillip Street, Parramatta was awarded a 6 Star Design rating
- 100 Mount Street, North Sydney Dexus's first smart building achieved a 5 Star Green Star Design and As Built rating.

Across industrial properties, Dexus continues to ensure all new developments and refurbishments incorporate ESD initiatives such as:

- Minimising water use via native landscaping
- Onsite rainwater harvesting for landscape irrigation and for plumbing purposes
- Investigating warehouse roof spaces for solar power generation
- Installing best-practice lighting systems in vacant tenancies
- Taking a long term approach to core properties including implementing major HVAC upgrade projects with long paybacks at core properties
- Rooftop solar photovoltaics to generate onsite renewable electricity

Dexus presents Green Star opportunities to all tenants it engages with on industrial new builds. Refurbishments, energy retrofits and tenant make goods consider energy efficiency and environmental impacts from products and services. Dexus also has fit-out guides in place for sustainable products that consider whole life costings.

Property occupier engagements

Dexus's approach to tenant engagement is reflected within its ESG strategy and Sustainability Approach. Dexus interacts with its tenants in a number of ways across the office, industrial and retail sectors, including via:

- Tenant surveys
- Tenant and centre newsletters
- Regular tenant meetings
- Social events
- Waste education programs
- Green Building Committees with tenant representation from Dexus's major office properties
- Tenant Service Request system for office and industrial properties

Tenants are surveyed each year on a range of issues to help Dexus engage and gather feedback to better understand tenant priorities and key issues.

Tenants can provide direct feedback on issues relating to comfort via the Dexus Response Centre (DRC).

Dexus works closely with tenants and other stakeholders to improve its tenants' sustainability performance and awareness.

FY18 activities included:

- Collaboration with City Switch, a national tenant energy efficiency program, both as a signatory and an owner to drive tenant activity in sustainability and energy efficiency
- Promotion of Dexus's sustainable building programs, including participation in the 2018 Earth Hour campaign, ongoing NABERS Energy and NABERS Water ratings and general building sustainability performance and updates

Green leasing

Through 'green leasing', Dexus seeks joint commitment from its tenants to participate in building efficiency initiatives and collaborate where necessary to strive to achieve building performance targets.

Dexus is one of the Better Building Partnership's (BBP) founding members.

Dexus's Simple and Easy lease incorporates green lease provisions as specified in the BBP's commercial green leasing standard. The lease has achieved a Gold rating under the BBP leasing standard, which is the highest level available. This enables an active partnership between Dexus and tenants and seeks to deliver better environmental outcomes and reduce outgoings.

Community engagement

Dexus monitors and publicly reports on community engagement and volunteering hours as well as in-kind donations from its retail and office platforms.

During FY18 Dexus staff devoted more than 870 hours to volunteering to support hospitals and organisations that help the homeless and those less fortunate.

Dexus donated more than \$1,000,000 in financial and in-kind support to these community groups and charities.

No

Property monitoring and management

PR 09	Mandatory	Public	Core Assessed	PRI 2,3
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PR 09.1 Indicate the proportion of property assets for which your organisation, and/or property managers, set and monitored ESG targets (KPIs or similar) during the reporting year.

- >90% of property assets
- 51-90% of property assets
- 10-50% of property assets
- <10% of property assets

(in terms of number of property assets)

PR 09.2 Indicate which ESG targets your organisation and/or property managers typically set and monitor

Environmental

Target/KPI	Progress Achieved
Deliver 1,000,000sqm of office space rated at least 5-star NABERS Energy rating and 1,000,000sqm rated at least 4-star NABERS Water rating 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 Consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, actively identifying charities and markets for re-use and increasing waste diversion	On track with more than 800,000sqm at 5 star NABERS Energy rating and more than 600,000sqm 4 star NABERS Water rating at 30 June 2018. Dexus achieved a 8.2% reduction in energy consumption and a 9.5% reduction in Scope 1 and Scope 2 greenhouse gas emissions against FY15 like-for-like baseline. Demonstrated a resource recovery rate of 80% from de-fitting vacated space across 11 projects. Moved to single service provider sourcing arrangements across key markets to

Social

Target/KPI	Progress Achieved
<p>Create tenant communities within and around Dexus buildings through the implementation of more than 100 initiatives each year across the office portfolio, with experiences focused</p> <p>Continue to build a safe, healthy, inclusive and diverse workplace</p> <p>Target a tenant satisfaction score of 8 out of 10 in office and industrial tenant surveys</p>	<p>Brought together customer communities within and around Dexus buildings through the hosting of more than 700 wellness events with a focus on wellbeing</p> <p>Dexus has reach its initial gender target of 33% female representation for senior leaders. It has set a new 3 year target 40:40:20 target.</p> <p>In FY18 Dexus achieved a 'satisfaction with service' score of 8.3/10 in its tenant survey across the group's office and industrial portfolio.</p>

Governance

Target/KPI	Progress Achieved
<p>Update Dexus's assessment of supply chain risks and incorporate within procurement and monitoring processes relating to its supply chain partners</p> <p>Maintain compliance with the Commercial Building Disclosure Act, providing energy efficiency information when commercial office space above 1000sqm is offered for sale or lease.</p> <p>Deliver 4.0%-5.0%(previously 3.5%-4.5% growth in Underlying FFO per security</p>	<p>Completed a strategic review of procurement including supply chain risks. Implemented a global best practice model with key suppliers including scoping, contracting, sourcing and reporting.</p> <p>In FY18 Dexus recorded no incidents of non-compliance with Commercial Building Disclosure Act or regulations concerning energy efficiency disclosure during property sale or leasing</p> <p>Delivered 5.1% growth in Underlying FFO per security exceeding revised guidance target of 4.5-5.0%, up from original guidance of 4-5%</p>

We do not set and/or monitor against targets

PR 09.3

Additional information. [Optional]

Each year Dexus sets, reviews and updates corporate objectives within its responsible investment framework following input from key Dexus stakeholders. FY18 commitments were defined with respect to each key objective of Dexus's Sustainability Approach (i.e. Sustained Value, Thriving People, Strong Communities, Future Enabled Customers, Leading Cities and Enriched Environment) and may relate to:

- Setting and achieving 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
- Enhancing to processes, governance mechanisms or internal efficiency
- Implementing ESG projects at specific properties within the portfolio
- Broader ambitions to make a material impact on staff, the community and/or the environment

Further information regarding Dexus's FY18 commitments and progress can be found within the Dexus 2018 Annual Reporting Suite available at: <https://dexus2018.reportonline.com.au/performance/delivering-on-fy18-commitments>

Dexus reports on key environmental commitments every six months and reports comprehensively on all commitments within its Annual Report, in line with requirements to transparently monitor and report performance outlined within Dexus's Environmental Statement.

Dexus maintains an internal monitoring and reporting program to continually review progress against its ESG commitments. Environmental performance is under ongoing review through the following forums:

- Daily monitoring of building consumption trends by Building Managers
- Weekly sustainability team meetings involving stakeholders from Dexus and facility management

- 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
- Formal quarterly updates to the Dexus Board (via Committees)

Dexus measures its success in the following ways:

- Completion of commitment milestones
- Achievement of targets
- Feedback from tenants and customers
- Awards and external recognition
- Inclusion and rankings within sustainability and leadership indices

Property developments and major renovations

PR 11	Mandatory	Public	Core Assessed	PRI 2
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PR 11.1 Indicate the proportion of active property developments and major renovations where ESG issues have been considered.

- >90% of active developments and major renovations
- 51-90% of active developments and major renovations
- 10-50% of active developments and major renovations
- <10% of active developments and major renovations
- N/A, no developments and major renovations of property assets are active

(by number of active property developments and refurbishments)

PR 11.2 Indicate if the following ESG considerations are typically implemented and monitored in your property developments and major renovations.

- Environmental site selection requirements
- Environmental site development requirements
- Sustainable construction materials
- Water efficiency requirements
- Energy efficiency requirements
- Energy generation from on-site renewable sources
- Waste management plans at sites
- Health and safety management systems at sites
- Health and wellbeing of residents
- Construction contractors comply with sustainability guidelines
- Resilient building design and orientation
- Other, specify

Dexus is committed to developing properties that drive emission reduction with a longstanding record in designing and building market leading Green Star properties both in the office and industrial sectors.

Dexus developments have achieving a minimum 5-star Green Star Design or As Built ratings include:

- 100 Mount Street, North Sydney
- 105 Phillip Street, Parramatta

Dexus seeks to use recycled, reused, low carbon and ethically sourced materials.

Dexus has a strong track record in regard to conducting retrofits to buildings to make them more energy efficient and sustainable. Through capital upgrades and operational efficiencies, in FY18 the Dexus office portfolio has achieved the following reductions in energy, water and greenhouse gas emissions intensity against its FY08 baseline:

15. 44.7% reduction in energy use intensity
16. 21.7% reduction in water consumption intensity
17. 45.7% reduction in greenhouse gas emissions intensity

New Development Design Briefs and Refurbishment Scopes of works "Design Briefs"

A design brief is prepared for all new developments and refurbishments in conjunction with a tenant where applicable.

Design briefs describe the scope and nature of the development works and incorporate a range of requirements and minimum standards relating to ESG issues and performance. Each design brief is unique to the development or retrofit however an overarching document is created for each works project for the purposes of tendering and holding contractors to account against a fully documented list of requirements.

Buy-in is sought from prospective tenants and the final brief is agreed before proceeding with construction. Dexus incorporates ESG initiatives into all aspects of the design through the inclusion of sustainable building features (e.g. passive cooling, rainwater harvesting) as well as applying minimum standards to equipment and materials (e.g. insulation R-values, WELS ratings for water fixtures).

Underlying Drivers

There are a range of internal and external drivers exist that drive ongoing investment in building efficiency and managing ESG issues. These include:

- **Improving rental returns** - the desire to reduce operating costs and reduce risk associated with utility prices. Reduced outgoings can mean that Dexus is able to increase profit margins. Evidence has shown that tenants are willing to pay premium rents to occupy the most efficient and sustainable buildings.
- **It makes financial sense** - numerous studies have shown that investments in energy efficient technology are one of the lowest cost ways to reduce greenhouse gas emissions and project investments are paid back through reduced utility and maintenance costs in a reasonable timeframe. This is particularly evident for new designs, in which ESG opportunities can be incorporated at reduced marginal cost.
- **Consumer demand and sentiment** - the leasing market is competitive and tenants often have a choice of buildings to occupy. Increasingly tenants expect that their building performs efficiently to meet their ESG needs and minimise outgoings. For example, government agencies set minimum standards for base building NABERS ratings as a minimum requirement when selecting potential space.
- **Industry leadership** - Taking a leadership position on issues such as responsible investment and applying suitable focus on ensuring that its properties are leaders in their respective markets.
- **Benchmarking and peering** - Green Star and NABERS quickly enables tenants, investors, and the wider community to assess the relative ESG performance of Dexus properties against industry benchmarks.
- **Future proofing** - As part of its long-term risk management strategy, Dexus tackles ESG issues and maximises building performance so that its property portfolio is best placed to deal with potential future issues including introduction of environmental minimum standards, taxes or financial penalties associated with resource use and greenhouse gas emissions, new legislation, etc.

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

ESG standards for contractors

Dexus engages with like-minded suppliers concerning sustainability issues and practices. Dexus communicates its expectations and general ESG requirements to all suppliers and requires each one to operate in line with a Supplier Code of Conduct as well as understand Dexus's procurement requirements and commitments outlined in its Sustainable Procurement Policy.

With each supplier engagement Dexus seeks to ensure that investment considerations:

- Address the impact on supply chains and adhere to Dexus's Supplier Code of Conduct including materials, contractors, consultants and other professional services.
- Are in line with recognised and accepted labour and employment practices where that investment results in employment or engagement of suppliers, contractors and professional service providers

Specific standards regarding ESG are agreed with contractors based on the prepared design brief. All work carried out must comply with the brief.

Occupier engagement

PR 12	Mandatory	Public	Core Assessed	PRI 2
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PR 12.1	Indicate the proportion of property occupiers your organisation, and/or your property managers, engaged with on ESG issues during the reporting year.
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- >90% of occupiers
- 50-90% of occupiers
- 10-50% of occupiers
- <10% of occupiers

(in terms of number of occupiers)

PR 12.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.
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- Distribute a sustainability guide to occupiers
- Organise occupier events focused on increasing sustainability awareness
- Deliver training on energy and water efficiency
- Deliver training on waste minimisation
- Provide feedback on energy and water consumption and/or waste generation
- Provide feedback on waste generation
- Carry out occupier satisfaction surveys
- Health and wellbeing of residents
- Offer green leases
- Other, specify

Sustainability Guide - Tenant Welcome Pack

Dexus presents new tenants with a 'Tenant Welcome Pack' which introduces them to the features and services of the property in which they have taken up space. This pack contains information about the sustainability features (e.g. water recycling, solar blinds, etc.) and amenities of the building (such as bike racks, change rooms, etc.) that are available. The guide also outlines Dexus's approach to waste management as this is a key area where tenant behaviour directly influences the amount of waste that can be diverted from landfill.

Sustainability Awareness

Dexus's tenant engagement programs consider the impact its sustainability performance has on tenants and their ESG strategies and aim to deliver financial savings as well as real sustainability savings.

During major building upgrades Dexus actively engages with property management, building operations managers and tenants to present plans, discuss construction activities and seek feedback.

Dexus actively promotes tenant energy efficiency programs such as City Switch to tenants and continues to promote green building committees and programs to engage with tenants. This includes waste and recycling road shows, communications around involvement in the Earth Hour campaign and promoting each building's NABERS ratings and building sustainability performance.

Tenancy agreements now include a Green Lease clause as standard. These were included in Dexus new leases and lease renewals. Take up of the green lease clauses was 91% in FY18.

Occupier Events - Earth Hour

Dexus engages with all tenants to encourage them to participate in this annual event. Dexus actively uses this opportunity within its campaign and marketing material to also promote energy efficiency and energy efficiency programs such as City Switch.

Training on waste minimisation

Dexus has partnered with B.I.C. Services, a pro-active cleaning and waste management supplier who is focused on delivering a best-practice outcome across the Dexus managed portfolio. B.I.C. conducts extensive direct engagement with tenants to promote recycling, encourage sustainability awareness and educate tenants on waste management practices in order to reduce waste to landfill.

'Bin Trim' operational waste assessments

Throughout 2018 Dexus continued to encourage tenants to participate in the 'Bin Trim' program, an initiative from the NSW Environment Protection Authority to help small and medium sized businesses quickly identify simple actions they can take to start cutting waste and associated costs.

Dexus facilitated free assessments for tenants to measure their business waste and provide tailored a report on current diversion practices and opportunities to reduce, reuse and recycle materials.

Feedback on energy/water/waste consumption

Dexus informs tenants of the current NABERS ratings for their building via foyer displays and electronic screens in common areas and lifts. At premium grade buildings, Dexus provides tenants with energy/water consumption data and charts to demonstrate performance trends.

At 1 Bligh Street, Sydney and 123 Albert Street, Brisbane, tenant sustainability committees are formed to discuss current performance trends and identify and resolve issues that are leading to adverse trends. For these properties, waste is captured floor by floor and reported to tenants.

During FY18, Dexus participated in the trial for a whole building NABERS rating by concurrently preparing NABERS Energy ratings for Dexus's base building operations as well as assessing the performance of individual tenancies, an innovative way to collaborate on sustainability.

During FY18 a campaign was rolled out at 1 Bligh Street, Sydney to improve tenant waste practices. The building initiated a process to remove under desk bins and increase the number of centralised bins with four waste streams with clear waste stream signage. The campaign also involved regular e-waste collections and regular engagement on waste outcomes. The property monitors waste production across each tenancy through an innovative barcode system. Subsequent to the reporting period, 1 Bligh Street, Sydney has achieved a 4.5 star NABERS Waste rating, the highest NABERS Waste rating to date.

Occupier satisfaction surveys - Tenant Surveys

Tenants are surveyed each year on a range of issues to help Dexus understand how it is performing across a range of metrics. This is a valuable engagement and feedback mechanism to better understand tenant priorities and key issues. The results of tenant surveys are closely monitored to ensure a high level of facility management performance and tenant satisfaction.

Better Building Partnerships, City of Sydney

Dexus is a founding member of the Sydney-based Better Building Partnerships (BBP). The Partnership aims to develop collaborative solutions and initiatives to overcome sustainability related barriers and achieve substantial improvements in the environmental performance of their buildings.

Paul Wall, Dexus's Head of Sustainability and Energy is Chair of the BBP leadership group, and Dexus is represented in the four BBP technical working groups, each of which focuses on a specific challenge facing the commercial and public sector property industry: environment, waste, tenant engagement and benchmarking.

The tenant engagement working group focuses on collaboration between owners and tenant groups to develop ideas and opportunities relating to tenant-owner relationships and improve sustainability outcomes for office fit-outs and daily operations.

Health and Wellbeing

Dexus launched Wellplace on Workspace Dexus with the goal of creating healthy, enriched, productive communities. Wellplace satisfies the growing customer desire for health and wellbeing services and amenities in the workplace.

Dexus hosts wellbeing activities, networking opportunities and health and wellbeing discounts to customers, and makes it possible for Dexus customers of all sizes to offer their employees the same services that are typically only available for large corporations.

PR 13	Voluntary	Public	Additional Assessed	PRI 2
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PR 13.1	Indicate the proportion of all leases signed during the reporting year that used green leases or the proportion of Memoranda of Understandings (MoUs) with reference to ESG issues.
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- >90% of leases or MoUs
- 50-90% of leases or MoUs
- 10-50% of leases or MoUs
- <10% of leases or MoUs
- 0% of leases or MoUs
- N/A, no leases or MoUs were signed during the reporting year

(in terms of number of leases or MoUs)

PR 13.2	Additional information.
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Dexus has in place a Precedent Lease for office, industrial and retail with sustainability and energy clauses.

Within these clauses Dexus and its tenant each commit to managing and operating the building and premises to promote energy efficiency and minimise the environmental impact of its use and occupation.

In addition, the tenant agrees to:

- Cooperate with Dexus to provide data, assist with audits and implement initiatives to reduce resource consumption and increase waste recycling
- Incorporate energy and water use performance criteria into fit-out design and equipment selection wherever practicable
- Operate in such a way that will not adversely affect the energy efficiency and environmental performance of the building or premises

Simple and Easy Lease incorporating green leasing

Dexus's Simple and Easy Lease refines green lease provisions as specified in the Better Buildings Partnership's commercial green leasing standard.

Tenancy agreements include a 'green lease clause' as standard. These are included in Dexus new leases and lease renewals. Take up of the green lease clauses was 91% in FY18.

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