




The image shows two overlapping forms from the PRI LEA (Leadership Engagement) toolkit. The top form is LEA 02, titled 'Disruptive Monitoring', and the bottom form is LEA 03, titled 'Reason for Interaction'. Both forms are designed for monitoring and reporting on engagement activities.

LEA 02 Disruptive Monitoring		LEA 03 Reason for Interaction	
Type of engagement	Individual/ internal staff engagements	Reason for interaction	<input type="checkbox"/> To support investment decision-making in a company's transition to a sustainable business model <input type="checkbox"/> To encourage corporate practice for identifying the need to address a problem <input type="checkbox"/> Other specify
Collaborative engagements		Reason for interaction	<input type="checkbox"/> To support investment decision-making in a company's transition to a sustainable business model <input type="checkbox"/> To encourage corporate practice for identifying the need to address a problem <input type="checkbox"/> Other specify
Service provider engagements		Reason for interaction	<input type="checkbox"/> To support investment decision-making in a company's transition to a sustainable business model <input type="checkbox"/> To encourage corporate practice for identifying the need to address a problem <input type="checkbox"/> Other specify

PRIVATE RI REPORT

2020

Dexus

About this report

This report is an export of the individual Signatory organisation responses to the PRI Reporting Framework during the 2020 reporting period. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders. The PRI will **not publish** this report on its website. Instead, you will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

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 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

DRAFT

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
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	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year's PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year's PRI data	✓	Public							✓
CM1 05	External assurance	✓	Public							✓
CM1 06	Assurance or internal audit	⚠	n/a							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 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, proudly managing a high quality Australian property portfolio valued at \$31.8 billion. The strength and quality of its relationships is central to Dexus's success, and the business is deeply committed to working with its customers to provide spaces that engage and inspire.

Dexus invests only in Australia, and directly owns \$15.6 billion of office and industrial properties. Dexus manages a further \$16.2 billion of office, retail, industrial and healthcare properties for third party clients. The group's circa \$9.3 billion development and concept 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 26,000 investors from 19 countries. With 35 years of expertise in property investment, development and asset management, Dexus has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for 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
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516.9

OO 02.4	Additional information. [Optional]
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As at 30 June 2019 Dexus employed 516.9 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.

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.
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- ☐ Yes
☒ No

OO 03.3	Additional information. [Optional]
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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.
---------	-----------------------------------------------------

30/06/2019

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		31	800	000	000
Currency	AUD				
Assets in USD		21	541	307	599

☐ Not applicable as we are in the fund-raising process

OO 04.4

Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year

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

Based on your reporting above, your total AUM is between 10 and 30 US\$ billion, and therefore your 2019/20 fee will be £ 11,149. Note that your total AUM is calculated by summing all figures provided in OO 04.2, 04.3, and 04.4.

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 \$31.8 billion as at 30 June 2019 includes \$15.6 billion of owned property and \$16.2 billion of property managed for third party clients, with a circa \$9.3 billion development and concept 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

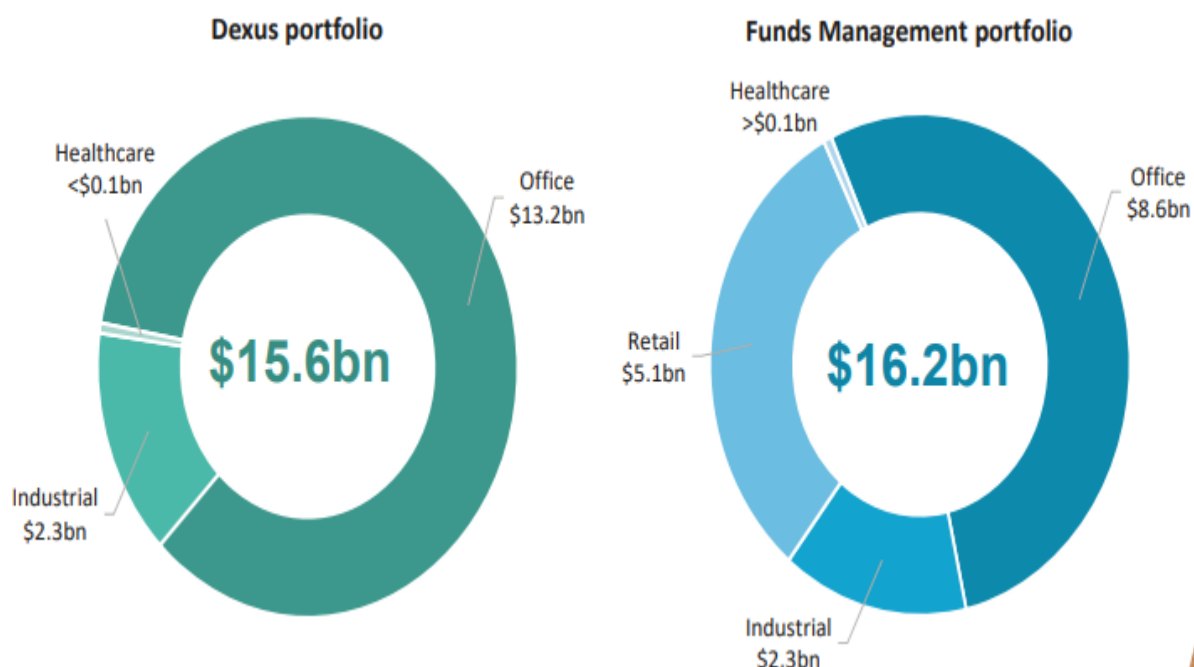
	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	0	0
Property	100	0
Infrastructure	0	0

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].



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 as at 30 June 2019 in more detail.

Asset Class / FUM (AUD\$bn)

- Listed office portfolio: AUD\$13.2bn (41.5%)
- Listed industrial portfolio: AUD\$2.3bn (7.2%)
- Listed healthcare portfolio: AUD\$0.09bn (0.3%)
- Third party office portfolio: AUD\$8.6bn (27.1%)
- Third party industrial portfolio: AUD\$2.3bn (7.2%)
- Third party retail portfolio: AUD\$5.1bn (16.2%)
- Third party healthcare portfolio: AUD\$0.1bn (0.4%)*

Total FUM: AUD\$31.8bn

*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
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.			
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	Developed Markets
--	-------------------

100

	Emerging Markets
--	------------------

0

	Frontier Markets
--	------------------

0

	Other Markets
--	---------------

0

	Total 100%
--	------------

100%

OO 09.2	Additional information. [Optional]			
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Dexus's investments at 30 June 2019 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).			
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	Property
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☒ 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

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 ESG issues into the Group's strategy and management activities for more than 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 ESG issues.

Policy review

Dexus's sustainability approach continues to evolve to respond to new perspectives, and is guided by commitments and targets that are set and reviewed on an annual basis. Dexus's New energy, New opportunities strategy includes a commitment to achieve net zero emissions across the group's managed portfolio by 2030. In FY19, Dexus's net zero ambition was certified by the Science Based Targets initiative as aligned with the global reductions necessary to limit global warming to 1.5°C above pre-industrial averages. While Dexus's sustainability approach has always been aligned with corporate objectives, in FY19 Dexus further embedded 'integrated thinking' into its business and strategic communications by aligning its reporting suite with the International Integrated Reporting Council's <IR> Framework. Dexus also defined a corporate purpose in FY19, helping to further integrate the Dexus Sustainability Approach by encouraging employees to consider how their work helps create spaces where people thrive.

Implementation

Dexus integrates sustainability across the property lifecycle 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: Sustained Value, Leading Cities, Thriving People, Future Enabled Customers and Strong Communities (including suppliers), and Enriched Environment. 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 FY19 and future commitments.

Drivers

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

- Improved rental returns
- Operational savings
- Consumer demand and sentiment

- Industry leadership
- Benchmarking and peering
- Future proofing the assets
- Attracting and retaining investors
- Attracting and retaining tenants
- Alignment with tenants' sustainability goals
- Delivering on the Enriched Environment objective of the Dexu Sustainability Approach

☐ 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	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

☒ Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Short term transition risks and opportunities

- Current regulation: Maintaining legal compliance to climate related policy and legislation, 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. This shift in customer preference enhances Dexu's competitive position, resulting in higher occupancy and rental returns.

Short term physical risks and opportunities

- Acute physical risks: Change in frequency and severity of extreme weather events such as bushfires, 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 transition risks and opportunities

- Technology: Existing and emerging technology can be applied to improve the efficiency of building operations. Technological change can increase Dexu'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 impacts Dexus's tier 1 supply chain and creates 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 Dexus's science-based emissions target (approved by the Science Based Targets initiative in FY19) 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.

Medium-long term physical risks and opportunities

- 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.

☐ No

**SG 01.7
CC**

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

☒ Yes

Describe the associated timescales linked to these risks and opportunities.

The following climate related risks and opportunities are considered on a short-term/ongoing basis:

- Current regulation: Dexus's Compliance team maintains a legal compliance register which includes all environment and climate related legislation at Federal and State level of government.
- 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.
- Legal: Dexus monitors its compliance risk against the National Greenhouse and Energy Reporting (NGER) Act for determining operational control and has an established framework to review operational control status of facilities periodically and for all new facilities post-acquisition. Through the Dexus Board ESG Committee, directors are regularly informed of climate-related risks and opportunities, enabling them to consider climate risk within their directors' duties for risk management.
- Market: Dexus engages in dialogue with the Investor Group on Climate Change, responds to investor surveys and 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 with ambition to operate a sustainable, premium quality portfolio.
- 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 14001:2004 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 extreme weather events. Post-acquisition, reinspection environmental

management reports or 'Statement of Environmental Aspects' are conducted for each property prepared from the ISA and reviewed annually.

The following climate related risks and opportunities are considered on a medium-term basis:

- Technology: Dexus's Sustainability and Customer Technology teams consider existing and emerging technology for application in optimising building operations and as part of capital equipment replacement, to reduce resource consumption and associated greenhouse gas emissions in line with Dexus's net zero by 2030 target.
- Supply chain: Dexus's Supplier Code of Conduct highlights preference for low carbon products, particularly to achieve Green Star credits in emissions and transport. Dexus has surveyed suppliers to support an analysis of climate risks across its 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 influence its value chain, and work with tenants to reduce their carbon footprint.

The following climate related risks and opportunities are considered on a medium-term basis

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

☐ No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

☒ Yes

☐ No

**SG 01.9
CC**

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

☒ Yes

Describe

Managing climate change risks, reducing greenhouse gas emissions and implementing adaptation measures are material issues 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. 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. Climate resilience has been integrated into Dexus's EMS to provide a structured property risk management process to evaluate vulnerability and develop adaptation actions.

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 transition 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's Climate Resilience Working Group reviews climate scenarios to understand broader business impacts

Dexus sets continuous improvement targets to drive reductions in energy use, the major contributor to Dexus's emissions footprint. Dexus has committed to achieve net zero emissions by 2030 across its group-managed portfolio. Dexus's ambition has been certified by the Science Based Targets initiative as aligned with the global carbon reductions required to limit global warming to 1.5°C.

☐ No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- ☒ Public PRI Climate Transparency Report
- ☒ Annual financial filings
- ☐ Regular client reporting
- ☐ Member communications
- ☒ Other

specify

CDP Climate Change questionnaire response

☐ We currently do not publish TCFD disclosures

SG 02

Mandatory

Public

Core Assessed

PRI 6

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.

- ☒ Policy setting out your overall approach

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

☒ URL

	URL
--	-----

{hyperlink:https://www.dexus.com/discover-dexus/sustainability/sustainability-approach}

☒ Attachment (will be made public)

	Attachment
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[File 1:2019 Dexus Disclosures on Management Approach.pdf](#)

☒ Formalised guidelines on environmental factors

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

☒ URL

	URL
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{hyperlink:https://www.dexus.com/discover-dexus/sustainability/sustainability-approach/enriched-environment}

☒ Attachment (will be made public)

	Attachment
--	------------

[File 1:2019 Dexus Disclosures on Management Approach.pdf](#)

☒ Formalised guidelines on social factors

	URL/Attachment
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☒ URL

	URL
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{hyperlink:http://www.dexus.com/2019-disclosures-on-management-approach}

☒ Attachment (will be made public)

	Attachment
--	------------

[File 1:2019 Dexus Disclosures on Management Approach.pdf](#)

☒ Formalised guidelines on corporate governance factors

URL/Attachment

☒ URL

URL

{hyperlink:http://www.dexus.com/corporategovernance}

☒ Attachment (will be made public)

Attachment

[File 1:Human Rights Policy \(9\).pdf](#)

[File 2:2019 Dexus Disclosures on Management Approach.pdf](#)

☒ Fiduciary (or equivalent) duties

URL/Attachment

☒ URL

URL

{hyperlink:http://www.dexus.com/corporategovernance}

☒ Attachment (will be made public)

Attachment

[File 1:2019 Dexus Disclosures on Management Approach.pdf](#)

☒ Screening / exclusions policy

URL/Attachment

☒ URL

URL

{hyperlink:http://www.dexus.com/corporategovernance}

☒ Attachment (will be made public)

Attachment

[File 1:2019 Dexus Disclosures on Management Approach.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

{hyperlink:https://www.dexus.com/discover-dexus/sustainability/sustainability-approach}

- ☒ Attachment

File Attachment

{hyperlink:Disclosures on Management Approach.pdf [3474KB]}

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

URL/Attachment

- ☒ URL

URL

{hyperlink:https://www.dexus.com/discover-dexus/sustainability/sustainability-approach}

- ☒ Attachment

File Attachment

{hyperlink:Disclosures on Management Approach.pdf [3474KB]}

- ☐ Time horizon of your investment

- ☒ Governance structure of organisational ESG responsibilities

URL/Attachment

- ☒ URL

URL

{hyperlink:http://www.dexus.com/2019-disclosures-on-management-approach}

- ☒ Attachment

File Attachment

{hyperlink:Disclosures on Management Approach.pdf [3474KB]}

- ☒ ESG incorporation approaches

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

☒ URL

	URL
--	-----

{hyperlink:http://www.dexus.com/2019-disclosures-on-management-approach}

☒ Attachment

	File Attachment
--	-----------------

{hyperlink:Disclosures on Management Approach.pdf [3474KB]}

☒ Active ownership approaches

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

☒ URL

	URL
--	-----

{hyperlink:http://www.dexus.com/2019-disclosures-on-management-approach}

☒ Attachment

	File Attachment
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{hyperlink:Disclosures on Management Approach.pdf [3474KB]}

☒ Reporting

	URL/Attachment
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☒ URL

	URL
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{hyperlink:https://www.dexus.com/discover-dexus/sustainability/sustainability-performance}

☒ Attachment

	File Attachment
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{hyperlink:Sustainability Performance Pack.pdf [3750KB]}

☒ Climate change

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

☒ URL

	URL
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{hyperlink:https://www.dexus.com/discover-dexus/sustainability/sustainability-approach/enriched-environment}

☒ Attachment

	File Attachment
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{hyperlink:Sustainability Performance Pack.pdf [3750KB]}

☒ Understanding and incorporating client / beneficiary sustainability preferences

	URL/Attachment
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☒ URL

	URL
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{hyperlink:http://www.dexus.com/2019-disclosures-on-management-approach}

☒ Attachment

	File Attachment
--	-----------------

{hyperlink:Disclosures on Management Approach.pdf [3474KB]}

☐ We do not publicly disclose any investment policy components

SG 02.3	Additional information [Optional].
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Corporate Governance and Sustainability Approach

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 (as described in the 2019 Disclosures on Management 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. Although these documents are not published externally, their function within Dexus's broader governance and responsible investment frameworks is described in Dexus's 2019 Disclosures on Management Approach.

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 third party capital partners.

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, as well as overseeing WHS, risk and compliance. The Board Risk Committee reports directly to the Board.

Board Environmental, Social and Governance Committee: Responsible for considering the material environmental, social and governance issues relevant to Dexus's business activities and supporting Dexus in maintaining its position as a global leader in ESG performance. The Board ESG Committee reviews Dexus's ESG performance and oversees implementation of enhancements to ESG practices.

Board Audit Committee: Assists the Board in fulfilling its responsibilities by reviewing the integrity and quality of the Group's (including Dexus's capital partners) financial statements and disclosures including auditing, accounting and financial reporting processes. The Committee is responsible for the oversight of Dexus's Internal Audit program

Group Risk Committee: Oversees group risk management compliance, internal audit and risk initiatives and reports to the Dexus Board Risk Committee. It assures the Board and the Board Risk Committee that major business risks have been identified and assessed, and effective plans are in place to mitigate the risks.

Further information and guidelines regarding Dexus's corporate governance structure and approach can be found in the Sustained Value section of the 2019 Disclosures on Management Approach which is available at: www.dexus.com/2019-disclosures-on-management-approach

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 three key areas:

Investment Committee - potential investments are screened as part of a rigorous due diligence process that includes environment related disqualification criteria

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.

Socially Responsible Leasing - Dexus maintains an internal position statement specifying that further due diligence may be undertaken on prospective tenants that engage in business activities that are inconsistent with Dexus's ethical practices and Human Rights Policy. These activities include (but are not limited to) armaments, other controversial weapons, nuclear/uranium industries, primary production of tobacco products, and pornographic material.

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.

Sustainability Approach

Dexus's Sustainability Approach is the lens that the business uses to effectively manage emerging ESG risks and secure long-term value creation opportunities. It incorporates five objectives which collectively direct focus towards addressing the issues considered to be most material for Dexus's stakeholders. Dexus's Sustainability Approach incorporates the Principles for Responsible Investment (PRI) 'six principles' relating to responsible investment and active property management. The approach is aligned with Dexus's corporate strategy by supporting the creation of sustained value through integration of material ESG issues into the business model.

Please refer to the Dexus website (<https://www.dexus.com/discover-dexus/sustainability/sustainability-approach>) 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 inclusive work environment. Guidelines on environmental, social and governance 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 www.dexus.com/2019-disclosures-on-management-approach

The Dexus intranet is available to all employees and contains Dexus's policies and position regarding a range of issues, including workplace behaviour, health and safety, as well as discrimination, harassment, bullying and victimisation and how to raise grievances. 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.
----------------	---------------------------------------------------------------------------------------------

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 of how 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 if 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 actual or potential conflicts must be reported to Dexus's 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]
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Dexus staff are required to complete an annual declaration of their adherence with various aspects of the Code of Conduct, including the identification of conflicts of interest.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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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 the five key objectives identified in Dexus's Sustainability Approach (i.e. Sustained Value, Leading Cities, Thriving People, Future Enabled Customers and Strong Communities, 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 'FY19 achievements' within Dexus's 2019 Online Reporting suite available at: <https://dexus2019.reportonline.com.au/performance/>

Review Performance

Dexus management reviews performance against its objectives at least quarterly. During FY19 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 FY19, the Dexus Board held two 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 FY19 are published as 'Board focus' sections in Dexus's 2019 Annual Report (pages 28, 38, 50, 54, 58, 65, 69) www.dexus.com/2019-annual-report

Reporting Progress

Dexus reports on select key commitments every six months and reports comprehensively on all commitments within its Annual Reporting Suite, 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 monitored 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) each 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.
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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)

Heads of Risk Compliance Governance

☒ 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
- 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 Sustainability and Investor Relations functions, including:

- Providing open and ongoing two-way dialogue with the investment community and other key stakeholders
- Engaging with the business to enhance ESG performance and incorporate investor interests
- 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** executes its RI oversight/accountability or implementation responsibilities through:

- Overseeing the management and implementation of Dexus's Risk Management Framework
- Implementing the Work Health & Safety (WHS) management system (OHSAS18001 certified) and overseeing associated compliance audits
- Overseeing the implementation of Dexus's Environmental Management System (ISO14001 certified)

The **Head of Compliance** executes its RI oversight/accountability or implementation responsibilities through:

- Overseeing the management and implementation of Dexus's Compliance Management Framework
- Providing training on relevant compliance matters
- Reporting to management and Board committees on compliance incidents and initiatives within Dexus
- Liaising with regulators

The **Head of Governance** executes its RI oversight/accountability or implementation responsibilities through:

- Overseeing the management and implementation of Dexus's Governance Framework
- Discharging company secretarial functions across the group
- Establishing and implementing key governance policies
- Overseeing internal audit
- Investigating whistleblower matters and significant customer complaints

- Supporting Dexus group boards and committees to ensure provision of adequate information to execute their responsibilities

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 funds management business incorporates RI accountability and implementation as follows:

- Accountability to third party capital partners for the ESG performance of their portfolios
- 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

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 Supplier Code of Conduct which aligns with Dexus's environmental, social, human rights and governance policies
- Sign in and out via Rapid, Dexus's contractor management system. Contractors must be accredited and appropriately inducted to work at Dexus buildings. Rapid 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:

- Maintaining the group's corporate and sustainability 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 **Senior Manager, Group Sustainability and Energy** coordinates day-to-day RI oversight/accountability or implementation responsibilities including:

- Facilitating Dexus's Sustainability Approach including the setting ESG objectives against 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
- Contributing to technical due diligence of building systems and environmental aspects 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 identify new technologies and innovations of benefit to Dexus

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

Number

7

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

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

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 heads of departments

- ☒ 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)

Heads of Risk Compliance Governance

- ☒ 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 that have climate-related issue 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

During the FY19 reporting period, The Board Risk Committee was 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 met quarterly to review and approve relevant Corporate and Compliance Policies and review reports on ESG performance including active projects, achievements and performance metrics.

Since the close of the FY19 reporting period, Dexus has established a Board ESG Committee, which considers the material environmental, social and governance issues relevant to Dexus's business activities and supports the group in maintaining its position as a global leader in ESG performance. Climate change is a key material issue for Dexus's sustainability approach, and the Board ESG Committee is informed of climate-related risks and opportunities, as well as actions planned/implemented to manage these issues, on a quarterly basis through reports and meetings. The Board ESG Committee works with the Board Risk Committee to ensure the adequacy of Dexus's approach to the identification and management of environmental risks and opportunities, including climate-related issues.

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 reference to themes of Dexus's climate change resilience strategy:

1. Mitigating Dexus's impact through decarbonisation, energy efficiency and renewable energy.
2. Adapting to physical and transitional risks relevant to properties, people and operations, and leveraging climate change-related opportunities.
3. Influencing the value chain by engaging customers and suppliers to reduce climate impacts. Dexus seeks to build the capacity of individuals, communities and systems in and around Dexus properties to adapt and grow with consideration to chronic stresses and acute shocks that may result from the effects of climate change

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

In the FY19 reporting period, the Board Risk Committee received 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. From FY20, the Board ESG Committee will receive this quarterly reporting.

SG 07.7
CC

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

Organisational structure

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

- Executive level: Group Management Committee (GMC) - overall management accountability for assessing and managing climate-related issues, governance and risk management programs
- Senior Management level: Property Executive Committee (PEC), Retail, Industrial, Healthcare Team (RIHT), Dexus/CBRE Strategic Management Committee - operational accountability for managing climate-related issues, with support from the Sustainability and Risk teams

- 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 and 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, in addition to general updates on Dexus's ongoing work to manage climate-related risks and opportunities. From FY20, the Board ESG Committee will have a lead role in reviewing the management of climate issues, working with the Board Risk Committee as required.

The Sustainability Team reports monthly to the GMC, and quarterly to the Group Risk and Board Risk Committee regarding the status of progress against key Dexus environmental commitments, and climate resilience initiatives. Since the end of FY19, the Sustainability Team has commenced reporting quarterly to the Board ESG Committee (instead of the Group Risk and Board Risk Committees).

The Risk 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 gains an understanding of climate-related issues through:

- Internal discussion and information sharing
- Briefings by the Sustainability team
- Attending briefings and seminars
- Conducting a portfolio-wide climate change risk management assessment
- Performing climate scenario analysis to understand business preparedness for a range of plausible futures
- Monitoring energy and emissions against targets, and indirect impacts
- Reports from the Risk team on management response

Monitoring climate-related issues

Dexus's Risk team oversees 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.

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 FY19, Dexus received certification from the Science Based Targets initiative that its target to achieve net zero emissions by 2030 is in line with a 1.5C warming scenario, the SBTi's highest level of ambition.

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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.			

Select all that apply

- ☒ Principles for Responsible Investment

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

- ☐ Basic
- ☒ Moderate
- ☐ Advanced
- ☐ Asian Corporate Governance Association
- ☐ Australian Council of Superannuation Investors
- ☐ AVCA: Sustainability Committee
- ☐ France Invest – 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
- ☐ Climate Action 100+
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ 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
- ☐ HKVCA: ESG Committee
- ☐ 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 several IGCC Working Groups. Through the IGCC, 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)

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]

Alignment of 2019 Annual Report with IIRC <IR> Framework

- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action in the 21st Century
- ☐ 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

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

- ☐ Basic
- ☒ Moderate
- ☐ Advanced
- ☒ 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.

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

RE100

	Your organisation's role in the initiative during the reporting year (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]
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Dexus signed on to RE100 after the close of the FY19 reporting period.

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
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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 FY19, 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. Recognising the importance of RI practices and ESG issues for sustained value creation, in 2019 Dexus integrated ESG reporting into its mainstream annual reporting, using the principles of the International Integrated Reporting Council Framework. Dexus Research provides data to MSCI on industry benchmarks such as net income, and capital expenditure. Dexus has been a public supporter of the Task Force on Climate-related Financial Disclosures and has publicly reported on its approach to managing climate-related issues in accordance with the Task Force recommendations since 2018.

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 FY19, 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. FY19 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. - Warren Evans, Senior Manager Group Business Excellence, presented at the 2018 Operational Excellence Conference - Brooke Shaw, Senior Manager Talent Culture and Organisational Development, presented on employee experience at the Flexible Working Summit in December 2018 - Participation in the Green Building Council of Australia TRANSFORM conference in March 2019 - Deborah Coakley, EGM Funds Management, participated in panel discussions at the Property Council of Australia Diversity Forum and Future Cities Summit in May 2019. - Rob Sims, Senior Manager Group Sustainability and Energy, presented at the Australian Energy Storage Conference in June 2019.

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: "The renewables race is on", "Supporting parents at work", and "Smart, sustainable workplaces of the future". Further information regarding Dexus Research and copies of recent reports can be found at: <https://www.dexus.com/discover-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
- ☒ 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

SG 10.3

Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

During FY19, Dexus implemented several responsible investment actions and initiatives. Customer related initiatives included:

- Continued to expand the Dexus Experience, which is the range of customer services designed to satisfy the everyday needs and enhance the experience of the people who work in Dexus properties.
- Wellplace: Expanded the Dexus Wellplace offering to include 28 wellness partnerships, providing customers the opportunity to offer their employees valued health and wellbeing services
- Dexus Place: Located across Sydney, Melbourne, Brisbane, and Perth, 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, including the Divvy parking solution and access to GoGet car share
- Expanded the use of building community portals to enhance customer networks and facilitate communication to customers about building information and special offers.

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

- Achieving an employee Net Promoter Score of +40, demonstrating a strong workplace culture that is well regarded by Dexus's people
- Making progress against the gender diversity target, achieving 37% female representation across senior and executive management roles (FY18: 34%)
- Delivering a comprehensive leadership training program, equipping leaders with the skills required to manage high performing teams
- 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

Dexus continues to invest in the communities in which it operates. In FY19 Dexus contributed more than \$1,200,000 in community investment through employee volunteering programs, in-kind support and corporate donations.

Dexus also focuses on embedding responsible investment actions and initiatives through its supply chain, as its supplier relationships are critical for sustained value creation. During FY19, Dexus undertook the following:

- Surveyed key suppliers on their relationship with Dexus, gaining perspectives on supply chain issues and opportunities that may impact Dexus, and supplier understanding of modern slavery risk

- Engaged with the Property Council of Australia 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
- Retendered its national cleaning and waste contract, adopting a balanced approach to assess respondents across both financial and non-financial criteria, and incorporating environmental and social requirements including such as appropriate waste management practices and modern slavery

In FY19 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.
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- ☐ 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 carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- ☒ Yes, in order to assess future ESG factors

	Describe
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Dexus Research's modelling is structured around 'customer' (demographics), 'cities' (infrastructure and planning) 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, and automation.

- ☒ Yes, in order to assess future climate-related risks and opportunities

	Describe
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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, energy use and price modelling is conducted through to 2030 with 2 degrees warming.

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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	We do the following
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- ☒ 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]
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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	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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- ☒ 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 NARCIIM 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.

Dexus has integrated climate resilience into its EMS, codifying the process for portfolio level and asset level risk assessment adaptation planning. 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 can influence a decision 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 has taken advantage of 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. 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 evaluating the feasibility for portfolio-wide adoption of rooftop solar PV across retail and industrial assets. Results from scenario analysis are being used to prioritise sites and inform the business case. Dexus continues to install solar PV at retail and industrial sites, with a view to achieving 100% renewable energy use across the group managed portfolio by 2030.

☐ Other

SG 13.5 CC

Indicate who uses this analysis.

- ☒ 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 your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

☒ Yes

Describe

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 achieve net zero emissions by 2030 and support global ambitions to limit global warming to 1.5°C compared to pre-industrial levels.

☐ No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
<input checked="" type="checkbox"/> Analysis based on a 2°C or lower scenario <input type="checkbox"/> Analysis based on an abrupt transition, consistent with the Inevitable Policy Response <input checked="" type="checkbox"/> Analysis based on a 4°C or higher scenario <input type="checkbox"/> No, a range is not used	
SG 13.8 CC	Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input checked="" 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
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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			222	900	000
Currency	AUD				
Assets in USD			150	992	373

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:
<https://www.dexus.com/discover-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	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.		

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Reduce carbon emissions to manage transition risks, and enhance portfolio resilience to physical risks	Tonnes CO2-e (for emissions reduction)	Emissions reduction - GHG Protocol, via the NGER Act and Australia's National Greenhouse Accounts Portfolio resilience - Adaptation planning using scenario modelling based on IPCC climate scenarios
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
Carbon intensity	<input checked="" type="checkbox"/> All assets <input 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

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2015	2020	Reduce energy consumption and scope 1 & 2 emissions across the Group by a further 10% by 2020 using the FY15 baseline, for like-for-like properties.	File 1:2019 Dexu Sustainability Performance Pack.pdf
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2015	2020	Reduce energy consumption across the Group by a further 10% by 2020 using the FY15 baseline, for like-for-like properties.	File 1:2019 Dexu Sustainability Performance Pack.pdf
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2018	2030	To achieve net zero emissions across Dexu's managed property portfolio by 2030 through energy efficiency and increasing renewables. The emissions boundary comprises all emissions sources	File 1:2019 Dexu 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 risk management processes used for identifying, assessing and managing climate-related risks.

- ☉ Processes for climate-related risks are integrated into overall risk management

Please describe

Dexu 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.

Dexu'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 Dexu 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 Dexu'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 initiatives have been identified to enhance resilience at sites where

vulnerabilities are identified. Initiatives are coordinated at the corporate level and managed at the property level. Climate resilience is considered across all properties through its integration into Dexus's Environmental Management System, providing a structured property risk management process for head office and site-based teams to evaluate vulnerability and develop adaptation actions moving forward.

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.

☐ Processes for climate-related risks are not integrated into 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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Dexus considers the following innovative features of its overall management approach:

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.

Examples of energy and water improvements delivered across the Dexus managed portfolio in FY19 include:

- 360 Collins Street, Melbourne, where Dexus significantly improved the building's energy efficiency and NABERS Energy rating, which reached 4.5 stars (up from 3 stars in FY17). To drive resource efficiency, Dexus identified and implemented early detection of faults through data analytics, building management system (BMS) tuning, and infrastructure upgrades in the common areas such as LED lighting.
- 100 Harris Street, Pyrmont (Sydney), where Dexus has installed 606 rooftop solar panels to generate up to 250,000 kWh of renewable energy to support base building services.

- Australia Square, Sydney, where Dexus rolled out a program of water efficiency measures that helped improve the building's NABERS Water rating to 4 stars. Key initiatives included installation of additional submetering, efficiency upgrades to water fixtures, monthly building performance meetings, and awareness campaigns to promote leak reporting and efficient water usage.

New Energy, New Opportunities Strategy - Net Zero by 2030

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.

Dexus's net zero emissions target has been certified by the Science Based Targets initiative

The pathway to net zero emissions includes:

- Improving energy efficiency: This is critical to the delivery of Dexus's targets. Dexus's aim is to achieve up to 50% in savings by 2030
- Adopting on-site renewables: Dexus has broadened its pipeline of on-site solar generation projects, progressing large-scale commercial solar photovoltaic (PV) arrays. Dexus is installing an additional 1 MW of solar generation capacity across the portfolio through FY19, with a further 1.89 MW under contract or in progress.
- 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

The net zero target also looks beyond Dexus's own emissions, committing the business to reducing absolute scope 3 emissions by 25% by 2030 (FY18 baseline). This will be achieved through engagement with customers about improving energy efficiency and reducing emissions within their occupied space.

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 As Built rating (Office v3). Dexus achieved a 5 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.

Enhancing the customer experience

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

Dexus actively monitors tenant satisfaction and in FY19 Dexus maintained a satisfaction with service score of 8.6 out of 10 in its tenant survey across the group's office portfolio, and a customer Net Promoter Score of +46.

The Dexus experience

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

- Wellbeing: Offering services and amenities that promote the health and wellbeing of customers through quality end-of-trip facilities, yoga, Pilates and fitness classes.
- Convenience: Delivering a convenient work experience through five-star concierge, priority access to childcare, transport solutions, simple and easy leases, and access to Dexus Place, a tailored extension of customers' work environment that includes meeting, training and conference facilities and bespoke event space supported by state-of-the-art technology

- Community: Creating customer communities through activations in office foyers, convenient local shops, and online property community platforms providing workplace news and information, events and retail offerings
- Sustainability: Working with customers to achieve energy, water and waste efficiencies for their tenancies along with sustainable fit-out designs

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.

Sustainable Supplier Procurement

Dexus seeks to engage with like-minded suppliers concerning sustainability issues and practices.

Dexus communicates its expectations 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 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

☐ 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.

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

- ☒ Yes
- ☐ No

Disclosure to public and URL	
<div>Disclosure to public and URL</div> <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	
<div>Frequency</div> <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	
<div>URL</div> <div>{hyperlink:https://dexus2019.reportonline.com.au/}</div>	
<div>URL</div> <div>{hyperlink:https://www.dexus.com/discover-dexus/sustainability/sustainability-reporting-library}</div>	

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

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 performance

Dexus discloses its ESG related information via the sustainability section of its corporate website (<https://www.dexus.com/discover-dexus/sustainability>) and through publicly available reporting that can be downloaded from its website. Dexus's Annual Report and sustainability reporting discloses Environmental, Social and Governance performance as well as key performance indicators comprised in the GRI Standards. Within its sustainability reporting, Dexus discloses environmental performance at an organisation level, against the objectives of its Sustainability Approach. 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 (via the link to the sustainability reporting library 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:

Dexus's ESG reporting can be downloaded from its online sustainability reporting library (<https://www.dexus.com/discover-dexus/sustainability/sustainability-reporting-library>). Key reports available in the library include:

- 2019 Annual Report
- 2019 Sustainability Performance Pack
- 2019 Sustainability Data Supplement
- 2019 Disclosures on Management Approach
- 2019 PRI Transparency Report
- 2019 CDP Climate Change response

DRAFT

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
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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

{hyperlink:http://www.dexus.com/sustainabilityapproach}

☒ Attach Document

{hyperlink:Disclosures on Management Approach.pdf [3474KB]}

☐ 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 Code of Conduct
- Employee Code of Conduct
- Inclusion and Diversity Policy
- Biodiversity Policy
- Environmental Statement
- Continuous Disclosure
- Whistleblower Policy
- Fraud, Corruption and Bribery Policy
- Risk Management
- Work Health Safety and Liability Statement
- 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 is the lens that the business uses to effectively manage emerging ESG risks and secure long-term value creation opportunities. It incorporates five objectives which collectively direct focus towards addressing the issues considered to be most material for Dexus's stakeholders. Dexus's Sustainability Approach incorporates the Principles for Responsible Investment (PRI) 'six principles' relating to responsible investment and active property management. The approach is aligned with Dexus's corporate strategy by supporting the creation of sustained value through integration of material ESG issues into the business model.

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.
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☒ Yes

PR 02.2	Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:
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- ☒ 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]
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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 completed a \$1.476 billion (AUD) placement in May 2019 to fund the acquisition of the development at 80 Collins Street, Melbourne. Once complete, the 80 Collins Street development will add a new asset to the group portfolio with a 5 star NABERS Energy rating and other strong ESG credentials..

Dexus unlisted wholesale funds

The capital raising activities for FY19 across the unlisted funds management platform include:

- Dexus Wholesale Property Fund raising \$339 million (AUD) from existing and prospective investors to fund an asset acquisition
- Healthcare Wholesale Property Fund securing a \$100 million (AUD) commitment from a new investor to assist in acquiring a fund-through acquisition

Information Memorandum

Dexus's wholesale unlisted pooled funds (the 'Funds') conduct fundraising on an as-needs basis, either at the launch of a new vehicle, or to fund transactions or developments. 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 Dataroom

Dexus also provides existing and potential investors on its unlisted funds management platform with access to a secure investor dataroom 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 and any fund-specific ESG documentation
- Links to Dexus's Sustainability Approach <https://www.dexus.com/discover-dexus/sustainability>

☐ 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 reviews 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. The relevant governance framework is established by fund-specific Investment Plans, Operating Limits and the Transaction Excellence Methodology that identifies and evaluates a wide range of risks and opportunities and their likely impacts on the investment decision.

ESG issues and their impacts are evaluated alongside other key investment metrics thereby ensuring that sustainability 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.

1. Opportunities arise - investment opportunities across all asset classes and across key investment markets in Australia are sourced from across the Dexus Group and from on-market campaigns.
2. Initial investigation and presentation of opportunity to Investment Committee - Potential opportunities are screened for strategic relevance and economic value. Opportunities that pass this screen then undergo high level investigation regarding key financial and ESG risks, opportunities and assumptions (such as current NABERS rating, Green Star rating, hazardous materials, waste management, disability access, indoor air quality), and the purchase strategy (e.g. buy and hold versus trading). This process assesses current building performance and 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 investigated during due diligence. The key risks are summarised for review by the Investment Committee
3. 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
4. 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, the Capital Transactions 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, analysis 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
5. Preparation of Investment Committee and Board papers (pre-finalisation of due diligence) - The Investment Committee appoints a Due Diligence Committee to verify and approve, where appropriate, the outcomes of the due diligence once finalised
6. The Investment Committee finalises its recommendation on whether to proceed to the Dexus Board or 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 required 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 teams to map, maintain and test (via internal and external audit) the process.

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

Ensuring opportunities are offered to various clients in accordance with the Allocation Policy

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 Dexs's Socially Responsible Leasing policy and Fund exclusions criteria are fulfilled

☐ No

PR 04.4	Additional information. [Optional]
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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.

The Risk team 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 property 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.
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- ☒ 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.
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- ☒ 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.
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Evaluation and decision making/recommendations regarding ESG issues are conducted via a screening process and are the responsibility of the Investment Committee and due diligence subcommittees as they are formed. These committees perform due diligence 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 FY19, 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:

- 80 Collins Street - Dexus acquired this landmark office precinct under development in the tightly held 'Paris' end of Melbourne CBD. The development specifications include strong focus on occupant wellbeing, access to amenities, and outstanding customer experience to deliver a premium office tower and leading sustainability outcome.
- An industrial property where Dexus abandoned divestment because it could achieve a stronger outcome through completing site rehabilitation on its own as opposed to divesting the property at a discount.
- An acquisition of an industrial portfolio where Dexus entered exclusive due diligence and decided not to proceed on the basis of health and safety considerations.

Dexus continues to strengthen the integration of ESG into investment decision-making, in recognition of the material impacts that ESG issues have on property value and long-term performance.

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.
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☒ Yes

PR 07.2	Indicate how your organisation includes ESG issues in your selection, appointment and/or monitoring of third party property managers.
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☒ 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.

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

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

Selection and contracting third party property managers

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

Should this be required in the future, Dexu 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 Dexu Sustainable Procurement Policy and Supplier Code of Conduct.

Dexu 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 Dexu policies and procedures including its Sustainable Procurement Policy, Work Health and Safety Policy, and Environment Statement
- Cooperating with Dexu 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 Dexu 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
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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 NABERS Energy and 4 star NABERS Water 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 ESG 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 and Sustainability Data Supplement, contains detailed analysis of the group's managed portfolio across a range of metrics and corresponding with FY19 commitments. Dexus's sustainability reporting can be downloaded at <https://www.dexus.com/discover-dexus/sustainability/sustainability-reporting-library>

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 FY19 Dexus rolled out a smart building blueprint at 100 Mount Street, North Sydney. More than 24 innovation technologies have been 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 and As Built rating
- 100 Mount Street, North Sydney Dexus's first smart building is on track to achieve 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 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.

FY19 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 2019 Earth Hour campaign, ongoing NABERS Energy and NABERS Water ratings and general building sustainability performance and updates
- Selecting 100 Harris Street to participate in the Better Buildings Cup, a year-long challenge to demonstrate the happiest, healthiest and most sustainable workplace in Australia.

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 FY19 Dexus staff devoted more than 1,700 hours to volunteering to support hospitals and organisations that help the homeless and those less fortunate.

Dexus donated more than \$1,200,000 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
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.			
<input checked="" type="radio"/> >90% of property assets <input type="radio"/> 51-90% of property assets <input type="radio"/> 10-50% of property assets <input type="radio"/> <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			
<input checked="" type="checkbox"/> Environmental				

Target/KPI	Progress Achieved
<p>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</p> <p>Reduce energy consumption and emissions across the Group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables</p> <p>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</p>	<p>On track - 950,351 sqm office space at minimum 5 star NABERS Energy rating and 757,423 sqm office at minimum 4 star NABERS Water</p> <p>Achieved 10.9% reduction in energy consumption and 12.4% reduction in Scope 1 and Scope 2 greenhouse gas emissions against FY15 like-for-like baseline.</p> <p>Recorded an average resource recovery rate of 80% across 19 projects.</p>

☒ Social

Target/KPI	Progress Achieved
<p>Expand our customer offering to include products and services that enable our customers to respond to the dynamically evolving workplace.</p> <p>Continue to build a constructive and diverse culture and progress towards our gender diversity target of 40F:40M:20(any) by FY21.</p> <p>Build workforce capability to deliver our strategy today and in the future.</p>	<p>Increased the availability of the Divvy parking solution and expanded the reach of Dexus building portals to over 53,000 users (FY18: >35,000).</p> <p>On track with 37% female representation across senior and executive management roles in FY19 (FY18: 34%).</p> <p>Recorded an average resource recovery rate of 61% across 31 de-fit projects in FY19, with 19 of these projects achieving over 80%.</p>

☒ Governance

Target/KPI	Progress Achieved
Collaborate on an industry-wide approach to assessing supply chain sustainability, and conduct due diligence in alignment with modern slavery reporting requirements	Developed a supply chain due diligence tool to enhance the identification and assessment of modern slavery risks in partnership with 14 industry peers.
Maintain compliance with the Commercial Building Disclosure Act, providing energy efficiency information when commercial office space above 1000sqm is offered for sale or lease.	In FY19 Dexus recorded no incidents of non-compliance with Commercial Building Disclosure Act or regulations concerning energy efficiency disclosure during property sale or leasing
Deliver circa 5% growth in distribution per security	Delivered 5.0% growth in distribution per security, declaring 50.2 cents per security for FY19 (FY18: 47.8 cents per security)

☐ 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. FY19 commitments were defined with respect to each key objective of Dexus's Sustainability Approach (i.e. Sustained Value, Thriving People, Future Enabled Customers and 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
- 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 FY19 commitments and progress can be found within the Dexus 2019 Annual Reporting Suite available at: <https://dexus2019.reportonline.com.au/performance/>

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

PR 11.3

Additional information. [Optional]

Dexus is committed to developing properties that demonstrate leadership in ESG integration. Dexus selectively rates new developments against the Green Building Council of Australia's Green Star Design & As Built rating framework and targets at least 5 Star Green Star Design & As Built ratings across all new office developments.

Recent Dexus developments that have achieved a minimum 5 Star Green Star Design or As Built ratings include:

- 100 Mount Street, North Sydney (received after the conclusion of the FY19 reporting period)
- 105 Phillip Street, Parramatta
- 480 Queen Street, Brisbane
- Kings Square, Perth
- 5 Martin Place, Sydney
- Industrial properties at Dexus Industrial Estate, Truganina and at Quarrywest, Greystanes

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, through FY19 the Dexus office portfolio has achieved the following reductions in energy, water and greenhouse gas emissions intensity against its FY08 baseline:

- 43.7% reduction in energy use intensity
- 22.0% reduction in water consumption intensity
- 45.6% 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.

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

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 other ESG disclosure frameworks such as GRESB 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
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.			
<div><div><input checked="" type="radio"/> >90% of occupiers</div><div><input type="radio"/> 50-90% of occupiers</div><div><input type="radio"/> 10-50% of occupiers</div><div><input type="radio"/> <10% of occupiers</div></div> <div>(in terms of number of occupiers)</div>				
PR 12.2	Indicate if the following practises and areas are typically part of your, and/or your property managers', occupier engagements.			
<div><div><input checked="" type="checkbox"/> Distribute a sustainability guide to occupiers</div><div><input checked="" type="checkbox"/> Organise occupier events focused on increasing sustainability awareness</div><div><input type="checkbox"/> Deliver training on energy and water efficiency</div><div><input checked="" type="checkbox"/> Deliver training on waste minimisation</div><div><input checked="" type="checkbox"/> Provide feedback on energy and water consumption and/or waste generation</div><div><input checked="" type="checkbox"/> Provide feedback on waste generation</div><div><input checked="" type="checkbox"/> Carry out occupier satisfaction surveys</div><div><input checked="" type="checkbox"/> Health and wellbeing of residents</div><div><input checked="" type="checkbox"/> Offer green leases</div><div><input type="checkbox"/> Other, specify</div></div>				
PR 12.3	Additional information. [Optional]			

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.

Tenants were also engaged on waste management, where Dexus staff hosted "lunch and learn" sessions on sustainable waste management and promoted the availability of specialised e-waste, coffee cups and organic collection services available to customers within their tenancies or via building management. Dexus also collaborated with customers on the removal of individual under-desk bins in favour of centralised bin systems for each tenancy.

'Bin Trim' operational waste assessments

Throughout 2019 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.

The installation of water plaques across the Dexus office portfolio is an example of tenant engagement on water consumption. The plaques are part of a customer engagement program to promote water conservation techniques to customers in Dexus properties. In bathrooms and end-of-trip facilities across the office portfolio, water plaques were installed at sinks, toilets and showers to encourage conservation through reporting leaks, using half flush, and minimising wastage. The customer engagement campaign, combined with building performance meetings, efficiency retrofits, and installation of submetering contributed to increases in NABERS Water ratings at key sites (including Australia Square in Sydney increasing from 3.5 star to 4 star NABERS Water in FY19).

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.

Dexus is represented on the BBP Leadership Panel and across 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's Wellplace offering has 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 90% in FY19.

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.

Dexus

Reported Information

Public version

Confidence building measures

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.

Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:
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- ☐ Third party assurance over selected responses from this year's PRI Transparency Report
- ☒ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- ☐ Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- ☐ Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- ☒ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - ☒ Whole PRI Transparency Report has been internally verified
 - ☐ Selected data has been internally verified
- ☐ Other, specify
- ☐ None of the above

CM1 01.2	Additional information [OPTIONAL]
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PricewaterhouseCoopers (PwC) is an independent auditor engaged by Dexus to audit Dexus's financial reports and provide a Limited Assurance opinion over key aspects of Dexus's sustainability performance as reported in the 2019 Annual Report and within the online reporting suite on the Dexus website. The entire PRI Transparency Report has been internally verified in accordance with Dexus's Materials Approval Procedures, which involves review and approval by relevant executives and senior managers across all business units.

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report
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- ☐ Whole PRI Transparency Report was assured last year
- ☐ Selected data was assured in last year's PRI Transparency Report
- ☒ We did not assure last year's PRI Transparency report
- ☐ None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:
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- ☒ We adhere to an RI certification or labelling scheme

CM1 03.2**Which scheme?**

- ☐ National SRI label based on the EUROSIF Transparency guidelines
- ☐ B-corporation
- ☐ UK Stewardship code
- ☒ GRESB

% of total AUM the scheme applies

- ☐ < 25%
 - ☐ 25-50 %
 - ☐ 50-70 %
 - ☒ >75 %
- ☐ Commodity type label (e.g. BCI)
 - ☐ Social label
 - ☒ Climate label

Specify

Australia's Carbon Neutral Program and National Carbon Offset Standard

% of total AUM the scheme applies

- ☒ < 25%
 - ☐ 25-50 %
 - ☐ 50-70 %
 - ☐ >75 %
- ☐ RIAA
 - ☒ Other

Specify

National Australian Built Environment Rating System (NABERS)

	% of total AUM the scheme applies
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- ☐ < 25%
☐ 25-50 %
☒ 50-70 %
☐ >75 %

- ☐ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
☐ ESG audit of holdings
☐ Other, specify
☐ None of the above

CM1 04	Mandatory	Public	Descriptive	General
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CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?
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- ☐ Whole PRI Transparency Report will be assured
☐ Selected data will be assured
☒ We do not plan to assure this year's PRI Transparency report

CM1 05	Mandatory	Public	Descriptive	General
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CM1 05.1	Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year
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	What data has been assured
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- ☒ Financial and organisational data
☐ Data related to RI activities
☐ RI Policies
☐ RI Processes (e.g. engagement process)
☒ ESG operational data of the portfolio
☐ Other

	Relevant modules
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- ☒ Organisational Overview
☒ Strategy and Governance
☒ Direct - Property

	Who has conducted the assurance
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Pricewaterhouse Coopers

Assurance standard used

- ☒ ISAE/ASEA 3000
- ☐ ISAE 3402
- ☐ ISO standard
- ☐ AAF01/06
- ☐ AA1000AS
- ☐ IFC performance standards
- ☒ ISAE/ASAE 3410 Assurance Engagements on Greenhouse Gas Statements.
- ☒ National standard

Specify

ASA 600 Special Considerations - Audits of a Group Financial Report

☐ Other

Level of assurance sought

- ☒ Limited or equivalent
- ☐ Reasonable or equivalent

Please provide:

Link to external assurance provider`s report [URL]

{hyperlink:https://www.dexus.com/-/media/project/dexus/dexuscom/3-discover-dexus/corporate-responsibility-and-sustainability/1-performance-packs_pdf/2019-pwc-assurance-opinion-and-criteria.pdf}

Link to original data source (if public) [URL]

{hyperlink:https://www.dexus.com/-/media/project/dexus/dexuscom/2019-sustainability-reporting-suite.pdf}

CM1 07	Mandatory	Public	Descriptive	General
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CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
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Who has conducted the verification

- ☒ CEO or other Chief-Level staff

Sign-off or review of responses

- ☒ Sign-off
- ☒ Review of responses
- ☐ The Board
- ☐ Investment Committee
- ☒ Compliance Function
- ☒ RI/ESG Team
- ☒ Investment Teams
- ☐ Legal Department
- ☐ Other (specify)

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