

# Corporate Governance Statement 2020



Positioning for the recovery



## ASX Corporate Governance Council Principles and Recommendations Reconciliation

This Corporate Governance Statement was approved by the Board on 18 August 2020.

The following reconciliation of the ASX Corporate Governance Principles & Recommendations - Third Edition (ASX Principles) against Dexus's governance framework discloses how Dexus met each of the ASX Principles during the financial year ended 30 June 2020 (Reporting Period). Dexus's governance framework is being updated to reflect the ASX Corporate Governance Principles & Recommendations - Fourth Edition. In accordance with the ASX Principles, Dexus will be reporting against the fourth edition for its 30 June 2021 reporting.

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

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

The Board believes that good corporate governance supports:

- A culture of ethical behaviour resulting in an organisation that acts with integrity
- Improved decision-making processes
- Better controls and risk management
- Improved relationships with stakeholders
- Accountability and transparency

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

To assist stakeholders in accessing key documents outlining our approach to corporate governance, Dexus maintains a Corporate Governance section on its website [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance). The website is updated throughout the year, as policies and procedures are reviewed.

## Governance dashboard

### Board management, oversight and structure

Outlines the Board structure and responsibilities which supports leadership, accountability and effectiveness:

- Board and Board Nomination Committee responsibilities
- Director appointment process
- Group Management Committee responsibilities
- Inclusion and diversity
- Board evaluation and performance review
- Structure of the Board Committees
- Independence of Directors
- Board skills matrix

**Refer to Principles 1 and 2**

### Act ethically and responsibly and make timely and balanced disclosure

Provides details of how the Board and Management maintain integrity and meet continuous disclosure obligations:

- Role and responsibility of the Board Environmental, Social & Governance Committee
- Codes of conduct
- Dealing with conflicts of interest
- Continuous disclosure
- Securities trading

**Refer to Principles 3 and 5**

### Safeguard integrity in corporate reporting

Outlines the role of the Board and the Board Audit Committee in maintaining the integrity of financial reporting and effective systems of internal controls:

- Structure of the Board Audit Committee
- Role and responsibility of the Board Audit Committee
- External and internal audit function

**Refer to Principle 4 and 7**

### Respect the rights of Security holders

Describes how an open dialogue with Security holders is maintained:

- Annual General Meeting
- Stakeholder communication

**Refer to Principle 6**

### Recognise and manage risk

Details how the Board oversees risk management for the group:

- Role and responsibility of the Board Risk Committee
- Risk management including the Risk Management Framework and the Risk Appetite Statement
- Internal audit function

**Refer to Principle 7**

### Remunerate fairly and responsibly

Describes the remuneration arrangements for Directors and senior management and how these have been implemented:

- Role and responsibility of the Board People & Remuneration Committee
- Remuneration report

**Refer to Principle 8**

## Purpose and focus of the Board Committees

| Board of Directors   |  |  |   |  |
|--|--|--|---|--|
| Audit Committee  | Risk Committee   | Nomination Committee   | People & Remuneration Committee   | Environmental, Social & Governance Committee   |
| <p><b>Purpose:</b> To review the integrity and quality of the group's financial statements and disclosures including external &amp; internal audit, accounting and financial reporting processes.</p> <p><b>Key focus areas for FY20:</b></p> <p>Financial reporting:</p> <ul style="list-style-type: none"> <li>– Reviewing accounting policies and practices and compliance with accounting standards, ASX Listing Rules and other relevant legislation</li> <li>– Approving the Fraud Risk Statement, Tax Risk Policy and Treasury Policy</li> <li>– Reviewing the funding strategy and financial risk management policy</li> <li>– Ensuring the group's financial statements are true and fair and conform with law</li> <li>– Reviewing the distribution pay-out ratio and periodic market guidance</li> <li>– Reviewing the impact of new accounting standards</li> <li>– Reviewing the impact of transactions (and associated funding) on periodic earnings guidance and financial statements</li> <li>– Overseeing the financial impact of COVID-19 on Dexu's operations</li> </ul> <p>External audit:</p> <ul style="list-style-type: none"> <li>– Overseeing and monitoring external audit plans</li> <li>– Reviewing independence of the external auditor</li> </ul> <p>Internal audit:</p> <ul style="list-style-type: none"> <li>– Approving the internal audit program and annual internal audit evaluation</li> <li>– Reviewing results of internal audits and overseeing the implementation of recommendations</li> <li>– Approving the appointment of the Internal Auditor</li> </ul> | <p><b>Purpose:</b> To oversee responsibilities relating to risk management (including WH&amp;S) and compliance management.</p> <p><b>Key focus areas for FY20:</b></p> <p>Risk management:</p> <ul style="list-style-type: none"> <li>– Reviewing the Risk Management Framework and Risk Appetite Statement</li> <li>– Overseeing the Cladding Remediation program</li> <li>– Overseeing Dexu's preparedness to respond to a crisis</li> <li>– Reviewing cyber risk and ongoing resilience</li> <li>– Reviewing and monitoring the top key risks, their controls and mitigants</li> <li>– Reviewing WH&amp;S initiatives across the portfolio</li> <li>– In collaboration with the People &amp; Remuneration Committee, overseeing the implementation of Dexu's organisational culture initiatives</li> <li>– Overseeing Dexu's response to the impact of COVID-19 on Dexu's portfolio and corporate operations</li> </ul> <p>Compliance:</p> <ul style="list-style-type: none"> <li>– Reviewing the Compliance Management Framework, AML and CTF programs</li> <li>– Adherence to compliance plans and scheme constitutions</li> <li>– Reviewing AFSL financial requirements</li> </ul> | <p><b>Purpose:</b> To oversee all aspects of Board nomination and performance evaluation.</p> <p><b>Key focus areas for FY20:</b></p> <ul style="list-style-type: none"> <li>– Reviewing the size, composition, diversity, skills and desired competencies of the Board and Board Committees</li> <li>– Arranging and participating in an internal Board and Board Committee performance evaluation</li> <li>– Undertaking Board succession planning and commencing an external market scan for new Directors including appointments to the boards of Dexu entities</li> <li>– Conducting a search for a non-executive director leading to the appointment of Patrick Allaway</li> </ul> | <p><b>Purpose:</b> To oversee all aspects of Director, Group Management Committee (GMC) and Key Management Personnel remuneration and aspects of human resource management.</p> <p><b>Key focus areas for FY20:</b></p> <p>People:</p> <ul style="list-style-type: none"> <li>– Overseeing annual review of Key Management Personnel (KMP) and key policies</li> <li>– Reviewing Inclusion and Diversity Policy, overseeing diversity programs and outcomes</li> <li>– Reviewing succession planning for the CEO and the Group Management Committee (GMC)</li> <li>– In collaboration with the Risk Committee, overseeing the implementation of Dexu's organizational culture initiatives</li> <li>– Monitoring progress towards 40:40:20 gender diversity target by 2021</li> <li>– Initiating a Director/Employee Engagement Program</li> </ul> <p>Remuneration:</p> <ul style="list-style-type: none"> <li>– Reviewing the annual Remuneration Report</li> <li>– Reviewing CEO, KMP and GMC remuneration</li> <li>– Overseeing staff remuneration programs and outcomes and the impact of COVID-19 on Dexu's remuneration plans</li> </ul> | <p><b>Purpose:</b> To oversee responsibilities related to ESG issues relevant to the group's business activities and support the group in maintaining its position as a global leader in ESG performance</p> <p><b>Key focus areas for FY20:</b></p> <ul style="list-style-type: none"> <li>– Overseeing implementation, management and progress of sustainability initiatives and commitments across the group</li> <li>– Overseeing the implementation of Dexu's policies and practices to combat Modern Slavery including inaugural reporting of Dexu's Modern Slavery Statement</li> <li>– Overseeing the delivery of the group's climate resilience strategies and disclosure</li> <li>– Overseeing the ongoing development of Dexu's Human Rights Policy</li> <li>– Approving "Towards Climate Resilience" report</li> </ul> |

## Principle 1 – Lay solid foundations for management and oversight

### Related key governance documents:

- Board and Board Committee Terms of References
- Selection and Appointment of Non-Executive Directors Policy
- Inclusion and Diversity Policy
- Performance Evaluation Policy
- Sustainability Approach & Procedures
- Diversity Target

As Dexus comprises four real estate investment trusts, its corporate governance practices satisfy the requirements relevant to unit trusts. The Board has determined that the governance framework will also meet the highest standards of a publicly listed company. This includes the convening of an Annual General Meeting, the appointment of directors by Dexus investors and their consideration of the remuneration report.

### 1.1 Board responsibilities

The framework adopted by Dexus ensures accountability and a balance of authority by defining the respective roles and responsibilities of the Board and executive management, including delegated authority (as outlined in the Terms of Reference for the Board and the Group Management Committee). This enables the Board to maintain a focus on strategic guidance while exercising effective oversight.

Terms of Reference for the Board and its delegated Committees are available at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

The Board's responsibilities include (but are not limited to):

- Approving Dexus's purpose and values
- Determining and overseeing strategy, including reviewing and approving Dexus's business objectives to achieve the strategy. These objectives inform the setting of performance targets for the Chief Executive Officer and the Group Management Committee members.
- Performance against these objectives is reviewed by the Board People & Remuneration Committee and is a primary input to the remuneration review of the CEO and other Group Management Committee members
- Providing leadership to, and challenging Management while overseeing the implementation of Dexus's strategy
- Approving the annual business plan and relevant budgets
- Approving periodic market guidance and ensuring Dexus makes timely and balanced disclosures to the market of all material information
- Approving the financial statements and disclosures and ensuring the integrity of accounting and reporting systems
- Approving significant acquisitions, divestments and developments and the associated funding impacts
- Ensuring that Dexus has in place an appropriate Risk Management Framework (including a Risk Appetite Statement) to support Dexus's approach to risk
- Ensuring that Dexus's fiduciary and statutory obligations to stakeholders (including third party clients and capital partners) are met
- Appointing the Chair of the Board
- Appointing and replacing the CEO
- Approving the appointment of Group Management Committee members and the Company Secretaries

- Overseeing Dexus's corporate culture and ensuring alignment with Dexus's stated values

During FY20, the Board convened additional meetings to discuss the impacts of COVID-19 on Dexus's portfolio, its corporate operations and its people. The Board continues to work closely with management to develop and implement strategies to respond to the pandemic.

### 1.2 The Role of the Chair and appointment processes for directors

The role and responsibility of the Chair includes leading the Board, facilitating the effective contribution of all directors, and promoting constructive and respectful relations between directors, and between the Board and management. The Chair is also responsible for promoting the interests of the group to Dexus investor and regulators. The Chair agrees the agenda of all Board meetings including the time allocated to each agenda item.

The Board currently comprises eight independent Non-Executive Directors and one Executive Director.

While directors of the Responsible Entity are not technically subject to the approval of Dexus investors, the Board has determined that all directors, other than the Chief Executive Officer, will stand for election by Dexus investors. If a nominated director fails to receive a majority vote, that director will cease to be appointed to the Board of DXFM. Dexus investors are provided all material information relevant to a decision on whether to elect or re-elect a director. The director seeking re-election will, at the AGM, speak to their intentions and provide further background information and confirmation that they will continue to devote the appropriate time to fulfil their responsibilities.

DXFM directors, other than the Chief Executive Officer, will hold office for three years following his or her first appointment (or, if appointed by the Board between Dexus Annual General Meetings, from the date of the Annual General Meeting after the initial appointment).

At the time of appointment, each Non-Executive Director is required to sign a letter of appointment which sets out the terms and conditions of appointment. The letter outlines the term of office, requirements for independence, role and responsibilities.

Executive Directors and other members of the Group Management Committee are also required to enter into an employment agreement setting out their terms of employment.

Background checks of newly appointed Non-Executive Directors are conducted and include:

- National Police Check
- ASIC Banned and Disqualified Register check
- ASIC Authorised Representative search
- ASIC Enforceable Undertaking Register search
- APRA Disqualified Register check
- Directorships check
- AML/CTF Global Official Lists check (sanctions list)
- Public record check
- Academic Qualification check
- Employment History check
- Bankruptcy Record check

The process for selecting and appointing new directors to the Board can be found at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

### 1.3 Company Secretaries

Company Secretaries play an important role in supporting the effectiveness of the Board and Board Committees. Company Secretaries are appointed by the Board and are responsible for ensuring the smooth running of the Board and Board Committees and that governance matters are appropriately addressed. They are accountable to the Board, through the Chair, the CEO and the Chairs of the Board Committees on all matters relating to the proper functioning of the Board and its Committees. A Company Secretary attends all meetings of the Board and its Committees. All directors have direct access to the Company Secretaries for guidance and assistance.

In addition to being a Company Secretary, the Head of Governance is also responsible for the development and oversight of governance and company secretarial arrangements across the Dexus platform, ensuring that Dexus continues to meet legislative requirements, industry best practice and the Board's governance expectations.

### 1.4 Group Management Committee responsibilities

The Board has appointed a Group Management Committee responsible for setting Dexus's purpose, values and strategy and achieving Dexus's goals and objectives, including the prudent financial and risk management of the group. The Group Management Committee generally meets weekly.

During the Reporting Period, the Members were:

- Chief Executive Officer & Executive Director (Chair)
- Chief Financial Officer
- Chief Investment Officer
- Executive General Manager, Funds Management
- Executive General Manager, Investor Relations, Communications and Sustainability
- Executive General Manager, Office
- Executive General Manager, Retail, Industrial and Healthcare
- General Counsel & Company Secretary

### 1.5 Diversity

Dexus supports a diverse and inclusive workplace and has created a culture that is flexible and adaptive to the changing needs of its industry. Dexus is committed to diversity and inclusion principles, and promotes a work environment conducive to the merit-based appointment of qualified employees, senior management and directors. Where professional intermediaries are used to identify or assess candidates, they are made aware of Dexus's commitment to diversity and inclusion.

Diversity targets are approved by the Board. Progress against targets is reported to the Group Management Committee and Board People & Remuneration Committee.

Dexus publishes annual statistics on the diversity profile of its Board and senior management, including a breakdown of the type and seniority of roles undertaken by women. This information is available at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

Dexus acknowledges and fulfils its obligations under relevant employment legislation including the Workplace Gender Equality Act 2012 (WGEA). Dexus has lodged its 2019-2020 WGEA report containing Dexus's most recent Gender Equality Indicators and a copy is available on Dexus's website at [www.dexus.com](http://www.dexus.com).

Last year, Dexus set a gender diversity target that at least 33% of non-executive directorships were to be held by women and a 40:40:20 target (40% male, 40% female, 20% any gender) for senior and executive management by 30 June 2021. As at 30 June 2020, women represented 37.5% of Non-Executive Directors and 36% of senior and executive management roles, with women comprising 54% of Dexus's overall workforce. Dexus's definition of 'Senior Management' is disclosed in its Diversity Target which is available at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

Diversity and flexibility is also a key focus of the Property Male Champions of Change (PMCC). Dexus's Chief Executive Officer, Darren Steinberg is an active member of the PMCC. The PMCC's focus on driving gender equality in the property industry has resulted in members implementing initiatives relating to flexibility to improve the number of women in the industry and in leadership roles.

Dexus's Future Leaders in Property program provides young women with exposure to the property industry, including the chance to experience a live build and see how it impacts the community. The program provides students with a unique opportunity to gain industry knowledge, while also empowering driven young women to make study and career decisions confidently.

Flexibility at Dexus provides every employee with the opportunity to have a say in when, how, or where their work is performed. Dexus supports flexible work practices to increase personal wellbeing and employee engagement, improve team performance and motivation, maximise productivity, retain talent, and encourage an organisational culture of diversity and inclusion.

Dexus's Inclusion and Diversity Policy is available at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

### 1.6 Performance of the Board

The Board Nomination Committee oversees the Board performance evaluation program. The evaluation process looks at the performance of the Board and its committees. Individual director performance is also evaluated. Where feedback is sought on the performance of the Chair of the Board, results will be provided to the Chair of the People & Remuneration Committee. When appropriate, an independent expert is retained to conduct the evaluation. Any areas for improvement identified in the performance evaluation process are agreed by the Board Nomination Committee which oversees the implementation of process enhancements.

The process for Board performance evaluation can be found at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

Dexus also has a process for periodically evaluating the performance of the Chief Executive Officer and its other senior executives. Please refer to the Remuneration Report which is contained in the 2020 Dexus Annual Report which is available at [www.dexus.com/investor-centre](http://www.dexus.com/investor-centre).

In 2020, the Board undertook an internal performance evaluation focusing on the effectiveness of the Board and Board Committees in supporting the execution of strategy and ensuring optimisation of organisational performance. Individual feedback was sought on the appropriateness of the Board structure along with possible enhancements to improve oversight and reporting. To ensure anonymity of responses, participants were asked to provide their feedback to an independent third party for collation.

The evaluation highlighted areas for improvement including consideration of:

1. Ways Dexus's representation in the community can be increased
2. Initiatives to demonstrate how the Board leads Dexus's culture
3. Nominating one Director at each meeting to be a 'feedback' director to note opportunities to improve the papers and/or discussion at meetings and liaise with the Company Secretary

## Principle 2 – Structure the Board to add value

### Related key governance documents:

- Board and Board Committee Terms of References
- Selection and Appointment of Non-Executive Directors Policy
- Board Membership Policy
- Directors' Code of Conduct

### 2.1 Dexus corporate governance structure

The following Committees support the Board in discharging its responsibilities:

- Board Audit Committee
- Board Environmental, Social & Governance Committee
- Board Nomination Committee
- Board People & Remuneration Committee
- Board Risk Committee

Board Committee membership and responsibilities are revised regularly to ensure maximum effectiveness. The Terms of Reference for the Dexus Board and the Board Committees are reviewed at least annually.

Non-Executive Directors have a standing invitation to attend any or all Board Committee meetings. Each Board Committee meeting considers improvements to reporting or processes that would benefit the Committee, as well as any items that require immediate reference to the Board or a regulator (where applicable).

The Board Nomination Committee oversees all aspects of:

- Board renewal
- Board and Board Committee performance evaluation
- Board Committee membership
- Director nominations to the DXFM & DXH Boards, DWPL (Dexus Wholesale Property Limited) Board and DWFL (Dexus Wholesale Funds Limited) Board

From 1 July to 31 August 2019, the members of the Board Nomination Committee were:

- Richard Sheppard, Chair, Non-Executive Director
- Penny Bingham-Hall, Non-Executive Director
- John Conde AO, Non-Executive Director

From 1 September 2019, all Non-Executive Directors have been appointed as members and the Board Nomination Committee consists of the following members:

- Richard Sheppard, Chair, Non-Executive Director
- Penny Bingham-Hall, Non-Executive Director
- John Conde AO, Non-Executive Director
- Tonianne Dwyer, Non-Executive Director
- Mark Ford, Non-Executive Director
- Nicola Roxon, Non-Executive Director
- Peter St George, Non-Executive Director

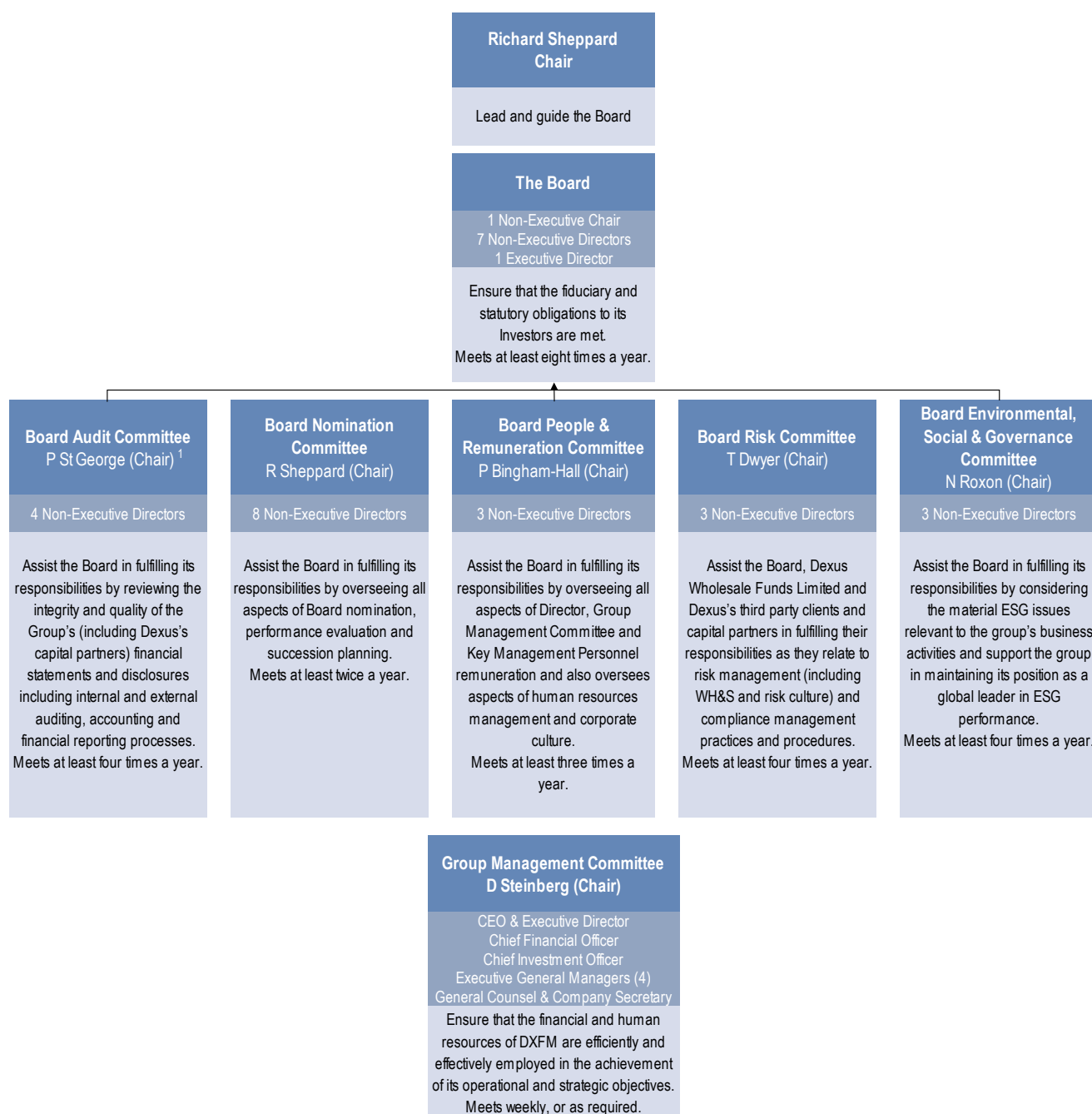
On 1 February 2020, Patrick Allaway joined the Dexus Board and subsequently joined as a member of the Board Nomination Committee.

The Board Nomination Committee met three times throughout the Reporting Period. One member was unable to attend the Board Nomination Committee meeting on 18 September 2019. The member has been appraised of the matters of the meeting.

The Board Nomination Committee Terms of Reference can be found at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

## 2.1 Dexus corporate governance structure (continued)

The Board and Board Committees are supported by Group Management Committee as set below (as at 30 June 2020):



<sup>1</sup> Effective 1 July 2020 Mark Ford replaced Peter St George as Chair of the Board Audit Committee.



## 2.2 Board skills matrix

The Board Nomination Committee is responsible for reviewing the size, composition, diversity, skill and desired competencies of the Board and Board Committees (and recommending approval by the Board).

The Board Nomination Committee has identified the skills and expertise deemed necessary for the Board to fulfil its obligations. The following table outlines the required skills and expertise that the Board should possess.

| Areas of skills and expertise  |
|--|
| <b>Leadership</b> <ul style="list-style-type: none"><li>– Directorship experience (past and present)</li><li>– Senior management experience (past and present)</li></ul>   |
| <b>Capital and funds management</b> <ul style="list-style-type: none"><li>– Experience in the dynamics of raising capital and investment banking</li><li>– Experience in the management of third party funds</li></ul>   |
| <b>Finance &amp; accounting</b> <ul style="list-style-type: none"><li>– Experience in analysing and challenging accounting material and financial statements and assessing financial viability</li><li>– Experience in understanding financial drivers/funding and business models</li></ul>       |
| <b>Governance</b> <ul style="list-style-type: none"><li>– Experience with corporate governance and standards of complex organisations</li><li>– Ability to assess and commitment to ensure the effectiveness of governance structures</li></ul>  |
| <b>People management &amp; remuneration</b> <ul style="list-style-type: none"><li>– Experience in relation to remuneration and the legislation/framework governing remuneration</li><li>– Experience in managing people and influencing organisational culture</li></ul>                           |
| <b>Property experience (including developments)</b> <ul style="list-style-type: none"><li>– Experience and industry knowledge in the management of properties including property development</li><li>– Understanding of stakeholder needs and industry trends</li></ul>                            |
| <b>Risk management</b> <ul style="list-style-type: none"><li>– Experience in managing areas of major risk to the organisation</li><li>– Experience in workplace health &amp; safety, environmental &amp; community, social responsibility and technology matters affecting organisations</li></ul> |
| <b>Strategy</b> <ul style="list-style-type: none"><li>– Experience in merger and acquisition activities</li><li>– Ability to guide and review strategy through constructive questioning and suggestions</li><li>– Experience in developing and successfully implementing strategy</li></ul>        |
| <b>Sustainability</b> <ul style="list-style-type: none"><li>– Experience in implementing sustainability policies and practices, adopting a long-term approach to decision making</li><li>– Understanding of environmental and social topics relevant to the property sector</li></ul>              |

The Board has also determined that, along with individual director performance, director diversity is integral to a well-functioning board.

In determining skills and experience of individual directors, reference has been made to their employment history, directorship history and educational qualifications. These are assessed against the above criteria and directors are asked to review the assessment. The Board has reviewed the skills of the current directors against the skill categories in the table above and determined that the current composition of the Board meets or exceeds the minimum requirements in each category.

## 2.3 Board composition

Dexus has determined that the size of the Board should be small enough to be able to act quickly, however large enough to ensure a diverse range of views is provided on any issue.

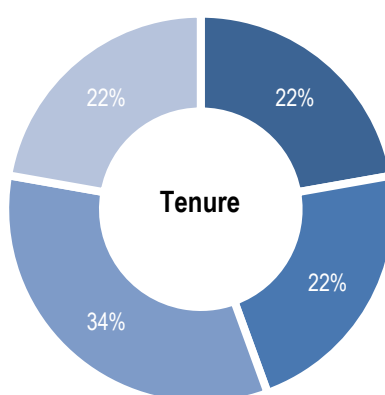
The Board comprises a majority of Independent Directors and at 30 June 2020, the Board comprised nine members including eight independent Non-Executive Directors and the Chief Executive Officer & Executive Director. The DXFM Board allows for the appointment of up to 10 directors, and that a majority, or greater than 50% of the Board should be independent directors, with the Chair to be non-executive and independent.

Details of directors as at 30 June 2020 are:

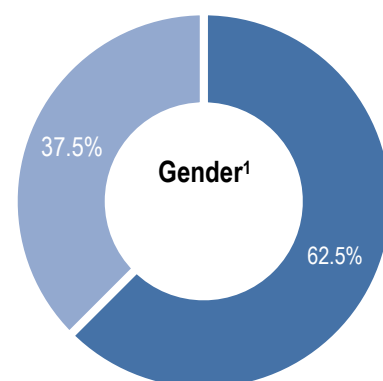
| Name                       | Independent | Qualifications                          | Date appointed                                  | Years served      |
|----------------------------|-------------|---|---|-------------------|
| W Richard Sheppard (Chair) | Yes         | BEC Hons, FAICD                         | 1 January 2012<br>(Chair since 28 October 2015) | 8 years 6 months  |
| Patrick Allaway            | Yes         | BA/LLB                                  | 1 February 2020                                 | 5 months          |
| Penny Bingham-Hall         | Yes         | BA (Industrial Design), FAICD, SF (Fin) | 10 June 2014                                    | 6 years           |
| John Conde AO              | Yes         | BSc, BE (Hons), MBA, FAICD              | 29 April 2009                                   | 11 years 2 months |
| Tonianne Dwyer             | Yes         | BJuris (Hons), LLB (Hons)               | 24 August 2011                                  | 8 years 10 months |
| Mark Ford                  | Yes         | Dip Tech (Comm), CA, FAICD              | 1 November 2016                                 | 3 years 8 months  |
| The Hon. Nicola Roxon      | Yes         | BA/LLB (Hons), GAICD                    | 1 September 2017                                | 2 year 10 months  |
| Peter St George            | Yes         | CA(SA), MBA                             | 29 April 2009                                   | 11 years 2 months |
| Darren Steinberg           | No          | BEC, FAICD, FRICS, FAPI                 | 1 March 2012                                    | 8 years 4 months  |



- Science
- Economics
- Commerce/Accounting
- MBA
- Law
- Other



- 0-3 years
- 3-6 years
- 6-9 years
- 9+ years



- Men
- Women

<sup>1</sup> Non-Executive Directors only.

## 2.4 Board independence

Non-Executive Directors must be free of any business or other relationship that could interfere materially with the exercise of their unfettered and independent judgement.

The Board has determined that each Non-Executive Director is independent as each Non-Executive Director:

- Is not a substantial Security holder of Dexus, nor otherwise associated with a substantial Security holder of Dexus
- Is not employed, nor within the last three years has been employed, in an executive capacity by Dexus
- Has not been, within the last three years, a principal or an employee of a material professional adviser or a material consultant to Dexus
- Has not been a material supplier or customer of Dexus, or otherwise associated with a material supplier or customer
- Has no material contractual relationship with Dexus (other than as a Non-Executive Director of Dexus)
- Has not served on the Board for a period which could, or could reasonably be perceived to, interfere materially with the director's ability to act in the best interests of Dexus
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, interfere with the director's ability to act in the best interests of Dexus
- Is free from family ties or cross-directorships that may compromise director independence
- Does not receive performance-based remuneration from Dexus nor does he/she participate in a Dexus employee incentive scheme

The Board regularly assesses the independence of its directors in light of interests disclosed to it and has determined that each Non-Executive Director has maintained independence throughout the year. Non-Executive Directors attest annually that they remain independent. The Chair is independent and not the same person as the Chief Executive Officer.

## 2.5 Induction programs for new Directors

The Induction Program for newly appointed directors is comprehensive and includes familiarisation with specific structures, policies and legal documents including (but not limited to):

- Outline of the Corporate and Committee structure
- Organisational charts providing details of business units
- Terms of Reference for the Board and Board Committees
- Minutes of the previous Board and Board Committee meetings
- A copy of the Constitution
- A copy of the Business Plan
- Dexus Compliance Management Framework
- Dexus Risk Management Framework
- Dexus Risk Appetite Statement
- Key Dexus policies including
  - Directors' Code of Conduct
  - Securities Trading (including inside information) Policy
  - Continuous Disclosure Policy
  - Inclusion and Diversity Policy

A newly appointed Non-Executive Director will meet with key members of management who will provide an overview of their areas of responsibility. Newly appointed Non-Executive Directors are encouraged to attend each of the Board Committee meetings to assist in understanding the Dexus business model and approach to corporate governance.

## 2.6 Election and Re-election of Non-Executive Directors

To enable Dexus investors to make an informed decision in relation to the re-election of a Non-Executive Director, the following information will be made available to Dexus investors either on the Dexus website governance page, provided in the Notice of Meeting, or presented by the Non-Executive Director at the AGM.

- Biography of professional qualification and experience
- The skills the Non-Executive Director brings to the Dexus Board
- Details of other directorships
- Length of service on the Dexus Board
- Confirmation that the Board considers the candidate is determined to be an Independent Director
- Confirmation from the Board that it supports the re-election and the reason

## 2.7 Meetings

The Board generally meets monthly between February and November, with additional meetings held throughout the year as required. A Board calendar is developed and agreed at least 12 months ahead of the new calendar year. The calendar provides dates of Board and Board Committee meetings.

Board meetings are normally held at the registered office of Dexus, although some meetings may be held 'offsite' allowing directors to visit Dexus owned and managed properties. To maximise participation, video conferencing facilities are utilised as required.

Each standard Board meeting includes a Non-Executive Director only session, led by the Chair, followed by a session in which the Executive Director and the Company Secretary join the meeting. The Chief Financial Officer and Chief Investment Officer then join the meeting.

Remaining members of the Group Management Committee and senior management are also available to provide clarification or answer questions directors may have either prior to the Board meeting or may be invited to attend and present at Board meetings.

Board and Board Committee papers are provided to directors electronically at least five business days prior to the meeting.

Any action items identified by the directors are recorded in the minutes. The Company Secretary ensures that the action items are appropriately addressed, and progress is reported to the Board and Board Committees.

Agenda items for Board meetings are set by the Chair in conjunction with the Chief Executive Officer and Company Secretary and include (but are not limited to):

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

Please refer to the purpose and focus of the Board Committees diagram on page 3 of this Corporate Governance Statement and the Dexus 2020 Annual Report for some of the activities overseen and addressed by the Board during FY20.

Directors are expected to attend 100% of scheduled meetings unless prior approval is provided by the Chair. For the year to 30 June 2020, there was 99% attendance of Non-Executive Directors at all Board Committee meetings (for which they are members) and 99% attendance of Non-Executive Directors at all Board meetings.

## 2.8 Access to training and information

Directors receive regular presentations by management and external advisers regarding sector, fund, and industry specific trends. Non- Executive Directors are encouraged to seek additional information from management as necessary.

Non-Executive Directors are actively involved in inspections of Dexus properties both collectively and individually and are encouraged to pursue professional development opportunities at the group's expense.

Should a Non-Executive Director wish to seek independent professional advice that they believe is necessary to discharge their responsibility as a director, the matter is initially referred to the Chair. Where the Chair determines it is appropriate that advice be sought by the Non-Executive Director, Dexus will pay for such advice. To ensure all directors are equally appraised, advice will be provided to all members of the Board (or Board Committee).

## 2.9 Membership on other Boards

The Board acknowledges that membership of other boards is beneficial and accordingly supports and encourages its members to hold directorships on other boards including charitable, community and other not-for-profit boards.

The Board also acknowledges that concurrent service on multiple boards by Dexus directors may impact their overall performance and ability to devote adequate time to each board/position. The Board recognises that the time required to fulfil each directorship role varies and, as a result, has determined that it is not appropriate to set a limit on the total number of directorships held.

Directors will consider the number of directorships they hold to ensure they have sufficient time to attend to the affairs of Dexus. Should a director wish to accept directorships in addition to those already held, the matter is referred to the Chair for approval.

## Principle 3 – Act ethically and responsibly

### Related key governance documents:

- Director Code of Conduct
- Employee Code of Conduct
- Whistleblower Policy
- Securities Trading (including inside information)
- Fraud, Corruption and Bribery (Prevention and Awareness) Policy
- Conflicts of Interest (Personal and Business)
- Environmental Policy and Statement
- Sustainable Procurement Policy and Supplier Code of Conduct
- Human Rights Policy

### 3.1 Codes of Conduct

To meet statutory and fiduciary obligations (including those relating to the management of third party capital partners) and to maintain confidence in its integrity, the Board implements a series of clearly articulated policies and procedures to which all employees must adhere. These policies are reviewed and approved at least annually. In particular:

- The Board considers it important that all employees meet the highest ethical and professional standards and has established an Employee Code of Conduct and a Directors' Code of Conduct. Any alleged breach of the Codes of Conduct is investigated. A significant breach may result in termination of employment
- Dexu's Fraud, Corruption and Bribery (Prevention and Awareness) Policy addresses the acceptance and granting of gifts and benefits
- The group does not donate to political parties
- The group strongly supports the identification and disclosure of corrupt conduct, illegality or substantial waste of company assets under its Whistleblower Policy. Employees who make such disclosures are protected from any detrimental action or reprisal, and an independent external disclosure management service provider has been appointed to ensure, when requested, anonymity for those reporting incidents

All employees are required to confirm, on an annual basis, compliance with key Dexu policies. In FY20, employees were asked to confirm ongoing compliance with policies addressing:

- Code of Conduct
- Compliance Incidents
- WH&S
- Conflicts of Interest (Personal and Business)
- Securities Trading (including inside information), and
- Modern Slavery

Material breaches of any Dexu policy (including the Codes of Conduct and Fraud, Corruption and Bribery policies) are reported to the Board Risk Committee along with remediation action taken to address the breach.

Material incidents reported under Dexu's Whistleblower Policy are reported to the Board Risk Committee.

Dexu's Board and Corporate Policies are available at [www.dexu.com/corporategovernance](http://www.dexu.com/corporategovernance).

### 3.2 Trading in Dexu securities

The group's Securities Trading (including inside information) policy applies to directors and employees who wish to invest in Dexu securities for themselves or on behalf of an associate.

The policy requires any Non-Executive Director who wishes to trade in Dexu securities to obtain approval from the Chair and General Counsel. Should the Chair wish to trade in Dexu securities, approval is required from a Non-Executive Director and the General Counsel.

Employees wishing to trade in Dexu securities must obtain written approval from their Group Management Committee member and Head of Governance before entering into a transaction.

Non-Executive Directors and employees are permitted to trade Dexu securities only in defined trading windows, provided approval has been granted and only if they are not in possession of inside information.

In the event that the Chair, Chief Executive Officer, Group Management Committee member or the General Counsel considers that there is the potential that inside information may be held or that a significant conflict of interest may arise, trading will not be permitted, even during defined trading windows.

The Securities Trading (including inside information) policy is available at [www.dexu.com/corporategovernance](http://www.dexu.com/corporategovernance).

### 3.3 Conflicts of interest and related party dealings

The group's Conflicts of Interest policies address the management of conflicts of interest and related party transactions which may arise:

- When allocating property transactions; where a new property acquisition opportunity meets the mandate of more than one Dexu client (including Dexu)
- When negotiating leases; where a prospective tenant is interested in more than one property owned by different Dexu clients (including Dexu)
- When executing transactions between Dexu clients (including Dexu)
- When the personal interests of an employee or director conflict with those of Dexu or its clients

Where a conflict of interest is identified, the Compliance team liaises with the business representatives to ensure effective and timely management of the conflict.

The General Counsel reports to the Board on related party transactions on a monthly basis and the Head of Compliance reports leasing conflicts of interest to the Board Risk Committee each quarter.

Where there is an actual, potential or perceived conflict of interest between the personal interests of a director and the duties the director owes to Dexu, the director is required to disclose the circumstances to the Chair for determination as to the most appropriate method by which to manage the conflict.

A director with an actual, potential or perceived conflict in relation to a matter before the Board will be excluded from attending that part of the Board meeting. Papers and minutes in relation to the matter will not be provided to the director.

### 3.4 Sustainability and responsible investment

On 1 September 2019, the Board Environmental, Social & Governance Committee was created to oversee the implementation and management of initiatives to maintain the group's position as a leader in sustainability practices.

During the Reporting Period, the members of the Board Environmental, Social & Governance Committee were:

- Nicola Roxon, Chair, Non-Executive Director
- Penny Bingham-Hall, Non-Executive Director
- Mark Ford, Non-Executive Director

The Board Environmental, Social & Governance Committee met three times throughout the Reporting Period and all members attended all meetings.

The Board Environmental, Social & Governance Committee Terms of Reference can be found at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

Dexus is a signatory to the United Nations Principles of Responsible Investment (UNPRI) and integrates the UNPRI's six principles within its Sustainability Approach and governance frameworks.

Dexus's Sustainability Approach is linked with the group's strategy and vision with the overarching goal of creating sustained value for Dexus's investors, people, customers, communities, cities and the environment, and to positively influence connectivity, liveability and resilience.

Dexus manages environmental, social and governance issues across the property life-cycle for its direct portfolio and across its third party capital partners, by systematically translating strategy and vision into actions and clear targets and integrating these into day-to-day operations.

Dexus is preparing for the implementation of the Australian legislated Modern Slavery Act (MSA) and compliance period from July 2019. Internally, Dexus has established a cross-functional working group (called the Modern Slavery Working Group) to review and update policies and procedures, and to document an effective compliance and monitoring framework.

Further to this and in conjunction with the Property Council of Australia (PCA), Dexus and other PCA members have collaborated to adopt an industry-wide supplier due diligence tool. The tool is an online assessment questionnaire deployed to engage with suppliers on modern slavery practices using common survey questions. Dexus has also applied MSA requirements to high priority areas such as cleaning and security.

Dexus is a signatory of the United Nations (UN) Global Compact, the world's largest global corporate sustainability initiative. Dexus commits to uphold the UN Global Compact's ten principles on human rights, labour relations, environment and anti-corruption. Dexus's Sustainability Approach aligns with the global framework, which encourages businesses to integrate their activities in line with broader global goals including the UN Sustainable Development Goals. Alignment with the UN Global Compact also reinforces Dexus's commitment to address human rights and eradicate modern slavery across its operations and supply chain, as part of its response to Australia's MSA.

The Executive General Manager, Investor Relations, Communications and Sustainability is responsible for implementing the group's Sustainability Approach and sustainability reporting. This role is a member of the Group Management Committee, which has overall operational responsibility for addressing economic, environmental and social topics, including property resilience and climate change impacts, human rights and community investment.

Dexus's Sustainability Approach is available at [www.dexus.com/discover-dexus/sustainability/sustainability-approach](http://www.dexus.com/discover-dexus/sustainability/sustainability-approach)

## Principle 4 – Safeguard integrity in corporate reporting

### Related key governance documents:

- Board Audit Committee Terms of Reference
- Auditor Independence Policy

### 4.1 Board Audit Committee

To ensure the accurate presentation of each Trust's financial position, DXFM has in place a structure of review and authorisation, where the Board Audit Committee reviews (among other matters):

- Financial statements of each entity
- Independence and competence of the external auditor
- Semi-annual management representations to the Committee, affirming the veracity of each entity's Financial Statements
- Treasury and Tax related matters such as funding strategies, distribution pay-out ratio, periodic market guidance and tax risk policy
- Internal audit function

The Board Audit Committee's Terms of Reference require that all members are Non-Executive Directors with financial expertise and an understanding of the industry in which Dexus operates. The Board Audit Committee:

- Has access to management
- Has unrestricted access to external auditors without management present
- Has the opportunity to seek explanations and additional information as it sees fit
- May also obtain independent professional advice in the satisfaction of its duties at the cost of the group and independent of management

The Board Audit Committee meets as frequently as required to undertake its role effectively, but not less than four times a year, and the external auditor (PwC) is invited to attend all meetings. The Board also requests that the external auditor of DXFM, and its related trusts and entities, attends the Annual General Meeting of the group and is available to answer questions relating to the audit of the group's financial statements, preparation and content of the auditor's report, the accounting policies adopted by the group and auditor independence.

During the Reporting Period, the members of the Board Audit Committee were:

- Peter St George, Chair, Non-Executive Director
- John Conde AO, Non-Executive Director
- Tonianne Dwyer, Non-Executive Director
- Mark Ford, Non-Executive Director

The qualifications and experience of each of the Board Audit Committee members can be found at [www.dexus.com/board](http://www.dexus.com/board). All of these directors are independent, including the Chair. During the Reporting Period, the Board Audit Committee met four times and all members attended all meetings of the Board Audit Committee. The Chair of the Board Audit Committee provides updates to the Board on key deliberations of the Board Audit Committee.

The following are provided to the Board Audit Committee:

- Representations from the Chief Executive Officer and the Chief Financial Officer on a semi-annual basis on the veracity, maintenance and compliance with relevant standards for Financial Statements and effectiveness of the financial risk management systems
- A fraud risk questionnaire completed by the Group Risk Committee semi-annually to advise of any instances of actual or potential fraud during the period

The Board Audit Committee Terms of Reference is available at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

To ensure the independence of the statutory auditor, the Committee has responsibility for approving the engagement of the auditor for any non-audit service greater than \$100,000. At 30 June 2020, fees paid to the external auditor for non-audit services were 6.5% of audit fees.

Dexus's policy on the selection and appointment of the external auditor is outlined in the Auditor Independence Policy available at [www.dexus.com/boardpolicies](http://www.dexus.com/boardpolicies).

During 2020, the Board Audit Committee also focused on:

- Valuation of investment properties and indefinite life intangible assets
- Investment property transfers to inventory
- Capital management and derivative valuations
- Financial risks and controls environment
- Financial forecasts and funding plans
- Impact of acquisitions and disposals and the associated funding arrangements
- Transition plan to Dexus's new Internal Auditor KPMG
- Results of an independent high-level review of Dexus Group Treasury Policy with Deloitte
- Risk governance assurance map
- Results of Internal Audits

## Principle 5 – Make timely and balanced disclosure

### Related key governance documents:

- Continuous Disclosure Policy

### 5.1 Continuous disclosure

To ensure continuous disclosure obligations are met, Dexus has the following procedures in place:

- Ongoing education of managers and directors ensuring all parties clearly understand the ASX Listing Rule obligations and the consequences of a breach
- Efficient reporting channels capturing information that potentially requires disclosure and bringing it to the immediate attention of the Chief Executive Officer or the General Counsel
- An effective monitoring system which helps ensure ongoing compliance
- A clear and concise policy outlining obligations and expectations of Dexus employees in the identification and management of matters that may require disclosure to the market

Dexus has established a Continuous Disclosure Committee to assist in the identification and reporting of material matters to the market in the spirit of legislation and regulations.

The Continuous Disclosure Committee members comprise:

- General Counsel & Company Secretary (Chair)
- Chief Executive Officer
- Chief Financial Officer
- Chief Investment Officer
- Executive General Manager, Investor Relations, Communications and Sustainability

The Continuous Disclosure Committee meets on a regular basis to consider whether any disclosure obligation is likely to arise as a result of the activities being undertaken by the group. The Continuous Disclosure Committee is comprised of executives based at Dexus's corporate head office allowing meetings to be held at short notice.

The effective operation of the Continuous Disclosure Committee ensures:

- Investors continue to have equal and timely access to material information, including the financial status, performance, ownership and governance of the Trusts
- Announcements are factual and presented in a clear and balanced way

Management is required to provide a quarterly attestation to the Compliance team that issues within their area of responsibility that would be subject to continuous disclosure requirements have been dealt with in accordance with the Continuous Disclosure Policy.

The Chief Executive Officer and/or the General Counsel will immediately notify the Chair of the Board should any material concern arise regarding continuous disclosure. The Chair will then decide whether the issue should be further referred to the full Board or a nominated Board Committee or Sub-Committee prior to any market release being made, if considered appropriate.

The Board has a standing agenda item for it to assess if there are any matters that should be disclosed to the market.

All ASX announcements include a statement that the announcement is authorised by the Board or the General Counsel/Company Secretary.

All directors are provided with copies of ASX announcements and media releases.

### 5.2 Verification of ASX announcements

To ensure information provided to the market is accurate, complete and relevant, all releases to the ASX are subject to verification. All ASX announcements are uploaded on the Material Approvals Database for review and approval by relevant Managers. A release is only issued to the ASX where all relevant approvals have been provided. Any exceptions require the approval of the General Counsel or Executive General Manager - Investor Relations, Communications & Sustainability.

Key disclosures such as Annual and Half Yearly reports are uploaded on the Material Approvals Database for review and approval. Documentation is collected and maintained verifying the statements provided in the reports.

The veracity of verification is subject to review by the Compliance team. Relevant Managers ensure that where Compliance has requested additional information, that information is provided to the satisfaction of the Compliance team prior to finalisation of the document.

The Continuous Disclosure Committee or the Board may request Compliance undertake a review of verification on any document prior to release to the ASX.

The Continuous Disclosure Policy is available at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).



## Principle 6 – Respect the rights of security holders

### Related key governance documents:

- Investor Communications Policy
- Stakeholder Engagement Guidelines

### 6.1 Annual General Meeting

The Board conducts an Annual General Meeting (AGM) increasing the opportunity for interaction with Dexus investors.

Each AGM is designed to:

- Supplement effective communication with Dexus investors
- Provide Dexus investors with access to balanced and readily understandable information
- Increase the opportunities for participation
- Facilitate Dexus investors' rights to appoint Non-Executive Directors to the Board of DXFM

Dexus recognises the importance of Dexus investor participation at the AGM and supports and encourages that participation.

The group's policy is that all directors attend the AGM, and in 2019 all directors attended the AGM.

The external auditor of the Trusts attends each AGM and is available to answer questions regarding the conduct of the audits of the Trusts' financial records and their Compliance Plans, as well as the preparation and content of the Auditor's Report.

Dexus engages an independent service provider, Link Market Services, to conduct any Dexus investor voting required at the AGM. To facilitate participation, the AGM is webcast live and archived for viewing on Dexus's website for those Dexus investors unable to attend the meeting. The results of voting on the items for the formal business of the meeting are released to the Australian Securities Exchange (ASX) and published on the Dexus website after the AGM.

Resolutions are decided by a poll, not a show of hands.

### 6.2 Stakeholder communication

In addition to conducting an AGM, the group maintains an investor relations and communications approach that promotes an informed market and encourages participation with investors. This approach involves providing an open and ongoing two-way dialogue with the investment community and other key stakeholders that integrates the communication of financial and operational performance and regulatory reporting requirements.

Annual and half-year financial results presentation briefings with institutional investors and analysts are webcast and made available to all investors on Dexus's website.

Dexus also provides a comprehensive online Annual Reporting Suite comprising an Annual Report, Financial Statements, sustainability performance reporting, results presentation and property synopsis. Dexus's website provides access to ASX announcements and media releases, annual and half year reports, presentations and analyst support material. Investors can subscribe to alerts from the website to receive communications from Dexus immediately after release. The website also provides historical distribution and tax information and includes an "investor login" section to enable Dexus investors to update their details directly and download statements from Link Market Services.

Dexus actively posts on its LinkedIn, Facebook and Twitter corporate profiles which enables it to 'push' news stories and ASX announcements onto these social media platforms to reach a large network of followers.

Enquiries received from Dexus investors are addressed in a timely manner in accordance with Dexus's policy on the handling of enquiries and complaints. Dexus investors are given the option to receive communications from, and send communications to, Dexus and Link Market Services electronically (where permitted by law).

The Executive General Manager - Investor Relations, Communications and Sustainability is responsible for all stakeholder communications and activities, and reviews and approves communications in accordance with Dexus's material approval process.

The Investor Communications Policy is available at [www.dexus.com/corporatepolicies](http://www.dexus.com/corporatepolicies).

## Principle 7 – Recognise and manage risk

### Related key governance documents:

- Board Risk Committee Terms of Reference
- Risk Management Policy

### 7.1 Board Risk Committee

The Board Risk Committee oversees risk management at Dexus. The Committee oversees the group's enterprise risk management practices, as well as work, health & safety, environmental management and compliance practices. It also oversees the effectiveness and annual review of the group's Risk Management Framework, Compliance Management Framework and Risk Appetite Statement.

Dexus's Risk Management Policy and the Committee's Terms of Reference are available at [www.dexus.com/corporategovernance](http://www.dexus.com/corporategovernance).

From 1 July to 31 August 2019, the members of the Board Risk Committee were:

- Tonia Dwyer, Chair, Non-Executive Director
- Penny Bingham-Hall, Non-Executive Director
- Mark Ford, Non-Executive Director
- Nicola Roxon, Non-Executive Director
- Peter St George, Non-Executive Director

From 1 September 2019, the members of the Board Risk Committee were:

- Tonia Dwyer, Chair, Non-Executive Director
- Mark Ford, Non-Executive Director
- Peter St George, Non-Executive Director

All members of the Board Risk Committee are independent including the Chair. The Board Risk Committee met four times during the Reporting Period and each member attended all meetings. The Chair of the Board Risk Committee provides updates to the Board on key deliberations of the Board Risk Committee.

While most risks are identified, managed and monitored internally, Dexus appoints independent experts to undertake monitoring of WH&S, environmental risks, organizational culture and other risks where expert knowledge is essential to ensure Dexus has in place best practice processes and procedures.

The Board Risk Committee is empowered to engage consultants, advisers or other experts independent of management.

### 7.2 Risk management

The management of risk is an important aspect of Dexus's activities, and the group has a dedicated risk function led by the Head of Risk who is provided direct access to the Chief Executive Officer and Non-Executive Directors.

The Board has established the Board Risk Committee to oversee risk management at Dexus and this is supported by the senior executives.

The ongoing effectiveness of the risk management framework is reported on a quarterly basis to the Group Risk Committee and Board Risk Committee.

The Board Risk Committee reviews Dexus's Risk Management and Compliance Management frameworks at least annually, in accordance with its Terms of Reference.

The Board Risk Committee is satisfied that Dexus's risk management framework continued to be sound, considers contemporary and emerging risk and is operating with due regard for risk appetite.

Please refer to the key risks section on page 22 of the Dexus 2020 Annual Report for details on Dexus's key risks.

### 7.3 Internal audit

Dexus has appointed KPMG to perform the internal audit function overseen by the Head of Governance. The Head of Governance and a KPMG partner attends each Board Audit Committee to present findings of internal audits undertaken during the quarter and the progress on remediation plans.

The Internal Audit Plan has a three-year cycle, the results of which are reported quarterly to the Group Risk Committee and to the Board Audit Committee.

### 7.4 Material exposures

Dexus is committed to managing risks on an ongoing basis as part of the risk management framework. Please refer to the materiality assessment on page 6 of the 2020 Sustainability Performance Pack and the key risks section on page 22 of the Dexus 2020 Annual Report for further information.

Dexus reports on its approach to addressing climate-related issues in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), on page 55 of the 2020 Annual Report and page 54 of the 2020 Sustainability Performance Pack.

## Principle 8 – Remunerate fairly and responsibly

### Related key governance documents:

- Board People & Remuneration Committee Terms of Reference
- Inclusion and Diversity Policy
- Human Rights Policy

### 8.1 Board People & Remuneration Committee

The Board People & Remuneration Committee oversees all aspects of:

- Director and Executive remuneration
- Director, Chief Executive Officer and management succession planning

During the Reporting Period, the members of the Board People & Remuneration Committee were:

- Penny Bingham-Hall, Chair, Non-Executive Director
- Nicola Roxon, Non-Executive Director
- Richard Sheppard, Non-Executive Director

All members of the Committee are independent including the Chair. The Board People & Remuneration Committee met seven times during the Reporting Period and each member attended all meetings. The Board People & Remuneration Committee Terms of Reference are available at [www.dexus.com/boardcommittees](http://www.dexus.com/boardcommittees).

The Chief Executive Officer, Chief Financial Officer and Head of People & Culture attend the Board People & Remuneration Committee meetings by invitation.

It is the practice of the Board People & Remuneration Committee to meet without executives for part of each meeting, and non-committee members are not in attendance when their own performance or remuneration is discussed.

Acknowledging the impact of culture on both financial and non-financial risk management, the Board Risk Committee and Board People & Remuneration Committee meet concurrently, twice a year, to discuss Dexus's approach to the identification and management of organizational culture.

Details of the group's remuneration framework for Executives, Non-Executive Directors and employees are set out in the Remuneration Report that forms part of the Directors' Report contained in the Dexus 2020 Annual Report starting on page 62. Policies and practices regarding the remuneration of Non-Executive Directors, Executive Directors and other executives are separately disclosed. There are no schemes for retirement benefits (other than compulsory contributions to superannuation) for Non-Executive Directors.

## ASX Corporate Governance Principles & Recommendations (3th edition) – checklist

| ASX Principles  |  | Reference                                     | Comply |
|---|--|---|--------|
| <b>Principle 1 – Lay solid foundations for management and oversight</b> |  |   |        |
| 1.1   | A listed entity should disclose:<br>(a) the respective roles and responsibilities of its board and management, and<br>(b) those matters expressly reserved to the board and those delegated to management  | 1.1 – 1.5                                     | ✓      |
| 1.2   | A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director, and<br>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director   | 1.2<br>2.6 and Notice of Meeting              | ✓      |
| 1.3   | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.  | 1.2   | ✓      |
| 1.4   | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.  | 1.3   | ✓      |
| 1.5   | A listed entity should:<br>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them<br>(b) disclose that policy or a summary of it, and<br>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:<br>i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes), or<br>ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act | 1.5   | ✓      |
| 1.6   | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors, and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process   | 1.6   | ✓      |
| 1.7   | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of its senior executives, and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process  | Remuneration Report in the 2020 Annual Report | ✓      |

## ASX Corporate Governance Principles & Recommendation – checklist (continued)

| ASX Principles  | Reference   | Comply |
|---|-------------|--------|
| <b>Principle 2 – Structure of the board to add value</b>  |             |        |
| 2.1 The board of a listed entity should:  | 2.1         | ✓      |
| <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent directors, and</li> <li>ii. is chaired by an independent director, and disclose</li> <li>iii. the charter of the committee</li> <li>iv. the members of the committee, and</li> <li>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or</li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively</li> </ul> |             |        |
| 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.   | 2.2         | ✓      |
| 2.3 A listed entity should disclose:  | 2.3         | ✓      |
| <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion, and</li> <li>(c) the length of service of each director</li> </ul>   |             |        |
| 2.4 A majority of the board of a listed entity should be independent directors.   | 2.3 and 2.4 | ✓      |
| 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.   | 2.3 and 2.4 | ✓      |
| 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.  | 2.5 and 2.8 | ✓      |
| <b>Principle 3 – Act ethically and responsibly</b>  |             |        |
| 3.1 A listed entity should:   | 3.1         | ✓      |
| <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees, and</li> <li>(b) disclose that code or a summary of it</li> </ul>   |             |        |

## ASX Corporate Governance Principles & Recommendation – checklist (continued)

| ASX Principles   | Reference  | Comply |
|--|--|--------|
| <b>Principle 4 – Safeguard integrity in corporate reporting</b>  |  |        |
| 4.1  | 4.1  | ✓      |
| <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors, and</p> <p>ii. is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>iii. the charter of the committee</p> <p>iv. the relevant qualifications and experience of the members of the committee, and</p> <p>v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner</p> |  |        |
| 4.2  | 4.1  | ✓      |
| <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>   |  |        |
| 4.3  | 4.1 and 6.1                                      | ✓      |
| <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>   |  |        |
| <b>Principle 5 – Make timely and balanced disclosure</b>   |  |        |
| 5.1  | 5.1  | ✓      |
| <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules, and</p> <p>(b) disclose that policy or a summary of it</p>   |  |        |
| <b>Principle 6 – Respect the rights of security holders</b>  |  |        |
| 6.1  | <a href="http://www.dexus.com">www.dexus.com</a> | ✓      |
| <p>A listed entity should provide information about itself and its governance to investors via its website.</p>  |  |        |
| 6.2  | 6.2  | ✓      |
| <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>   |  |        |
| 6.3  | 6.2  | ✓      |
| <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>   |  |        |
| 6.4  | 6.2  | ✓      |
| <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>  |  |        |

## ASX Corporate Governance Principles & Recommendation – checklist (continued)

| ASX Principles  | Reference   | Comply |
|---|-------------|--------|
| <b>Principle 7 – Recognise and manage risk</b>  |             |        |
| 7.1 The board of a listed entity should:  | 7.1         | ✓      |
| <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>i. has at least three members, a majority of whom are independent directors, and</li> <li>ii. is chaired by an independent director,</li> </ul>                     and disclose: <ul style="list-style-type: none"> <li>iii. the charter of the committee</li> <li>iv. the members of the committee, and</li> <li>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or</li> </ul> </li> <li>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework</li> </ul> |             |        |
| 7.2 The board or a committee of the board should:   | 7.1 and 7.2 | ✓      |
| <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place</li> </ul>   |             |        |
| 7.3 A listed entity should disclose:  | 7.3         | ✓      |
| <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs, or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes</li> </ul>   |             |        |
| 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.   | 7.4         | ✓      |

## ASX Corporate Governance Principles & Recommendation – checklist (continued)

| ASX Principles  | Reference                                     | Comply |
|---|---|--------|
| <b>Principle 8 – Remunerate fairly and responsibly</b>  |   |        |
| 8.1   | 8.1   | ✓      |
| <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>i. has at least three members, a majority of whom are independent directors, and</p> <p>ii. is chaired by an independent director, and</p> <p>disclose:</p> <p>iii. the charter of the committee</p> <p>iv. the members of the committee, and</p> <p>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> |   |        |
| 8.2   | Remuneration Report in the 2020 Annual Report | ✓      |
| <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>   |   |        |
| 8.3   | Remuneration Report in the 2020 Annual Report | ✓      |
| <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>  |   |        |