Risk Management Policy

1. Purpose

The purpose of the Risk Management Policy (**the policy**) is to assist the Dexus Group with integrating risk management into operational functions and activities to support Dexus in achieving its business strategy. The policy, as supported by the Risk Management Framework, provides Dexus employees with a foundation to effectively identify and manage the risks and opportunities in fulfilling Dexus's obligations to key stakeholders, including listed and unlisted investors (third party capital partners), clients, customers, suppliers, the public, employees, and regulators.

2. Scope and application

This policy applies to all legal entities which comprise the Dexus Group, including Dexus Funds Management Limited (**DXFM**), Dexus Wholesale Management Limited (**DWML**), Dexus Wholesale Funds Limited (**DWFL**), Dexus Asset Management Limited (**DXAM**), Dexus Investment Management Limited (**DIML**), Dexus Wholesale Property Limited (**DWPL**), Dexus Capital Funds Management Limited (**DCFM**), Dexus Capital Investment Services Pty Ltd (**DCIS**), Dexus RE Limited (**DXRE**) and Dexus Capital Investors Limited (**DCIL**).

All employees are required to understand, promote and be responsible for ensuring that internal controls are in place to effectively manage risks that apply to activities within their day-to-day responsibility, including risks associated with business decisions, processes, systems or people and external events. While all legal entities which comprise the Dexus Group are subject to this policy, it also applies, to the maximum extent possible, to agents and contractors that act for or on behalf of Dexus.

Additionally, Dexus needs to ensure monitoring and oversight of the risk management practices of outsourced service providers materially aligns to this policy.

3. Governance

This Policy is owned and approved by the DXFM Board. At least annually, the following documents are reviewed and recommended by the Executive Committee (**ExCo**) and then subsequently recommended by the Dexus Board Risk & Compliance Committee (**BRCC**) for DXFM Board approval:

- Risk Management Policy and Risk Management Framework to attest that Dexus risk management practices continue to be sound, with respect to Dexus's nature, size and complexity.

- Risk Appetite Statements to articulate the risk boundaries that Dexus must operate within.

Breaches of this policy must be notified to the DXFM Board and managed in accordance with the Incident Management and Breach Reporting Policy. Non-compliance with this policy may result in disciplinary action which could include:

- Negative impact on remuneration or

- Termination of employment.

4. The Principles of Risk Management

Effective risk management is critical to enable Dexus to deliver high quality services and products to its customers and maximise investor returns. By integrating risk management into the governance and decision making within the organisation, value creation and protection of value can be achieved with support and commitment from internal stakeholders, in particular leadership and senior management.

Dexus's approach to risk management is aligned to ISO31000:2018, where "*risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives*"[1]. As set out in ISO 31000:2018, the foundation of risk management is guided by eight principles, where incorporating these within the risk management framework will enable Dexus to effectively manage uncertainty on its objectives. Refer to *Figure 1 Principles of ISO 31000:2018* for the principles, and *Risk Management Framework* for further details.

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[1]International Organization for Standardization (2018) *Risk Management – Guidelines* (ISO Standard No. 31000); Section 4

Figure 1: Principles of ISO 31000:2018

5. Three Lines Model

Dexus has adopted the three lines model, which captures the core risk model that is used in achieving effective risk management and assurance:

| Function	Responsibility
Line 1 Business and process owners whose activities incorporate risks that can facilitate or prevent Dexus from achieving strategic objectives.	Owns the risk, and the design and execution of controls to manage those risks.
Line 2 Risk, Governance and Compliance teams.	Support management and the broader business by bringing expertise, process knowledge, and monitoring of the first line to ensure that risks and controls are effectively managed. Provides support and advice in relation to risk management to the business and assurance to Management and Board Committees.
Line 3 Dexus Internal Audit team.	Provides the DXFM Board and its established committees with independent assurance over the control environment.
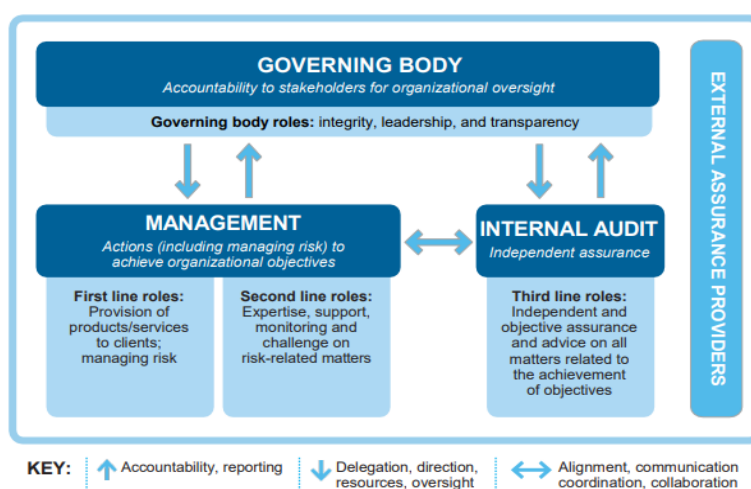
Figure 2: Institute of Internal Auditors (IIA) Three Line Model

6. Roles and Responsibilities

Governance guides the course of the organisation, its external and internal relationships, and the rules, processes and practices needed to achieve its purpose. The following summarises the roles and responsibilities across the organisation as they relate to risk.

Role	Responsibility
Dexus Board of Directors	The primary purpose of the DXFM Board is to ensure that Dexus acts in the best interests of our Security holders and stakeholders including third party capital partners, customers and our people. The Board of Directors sets the risk appetite for the Group and is ultimately responsible for risk management and setting the tone and culture of risk and compliance at Dexus.
Dexus Board Risk & Compliance Committee (BRCC)	To oversee platform risk management practices, the DXFM Board has established a BRCC to assist Dexus in fulfilling its responsibilities as they relate to risk management (including Work, Health & Safety), cyber risk, risk culture and compliance management.
Dexus Board Audit Committee (BAC)	To oversee financial risk management, the DXFM Board has established a BAC responsible for reviewing the integrity and quality of the Group's financial statements and disclosures including auditing, accounting and financial reporting processes. The Committee is responsible for the oversight of Dexus's Internal Audit program.
Dexus Board Sustainability Committee (BSC)	To consider the material environmental and social issues relevant to Dexus (and the Group) the DXFM Board has established a BSC. The Committee is responsible for the development and approval of the Dexus Group wide approach to sustainability.
Dexus Board People and Remuneration Committee (BPRC)	To oversee risks associated with Dexus's human resources, the DXFM Board has established a BPRC responsible for overseeing all aspects of Director, ExCo and Key Management Personnel remuneration and other aspects of human resources management.
Board Nomination & Governance Committee (BNGC)	To oversee risks associated with Director nomination and the DXFM Board performance evaluation and governance, the DXFM Board has established a BNGC responsible for reviewing the size, composition, diversity, skills and desired competencies of the Board and its delegated committees. The Committee reviews the nomination, appointment, re-election and removal of Directors.
Fund Boards and Audit, Risk & Compliance Committees (ARCC)	The Fund Boards are responsible for ensuring the fiduciary and statutory obligations of their respective fund(s) to its unitholders are met, and that such duties have priority over all other duties, including the interests of the shareholders. Each Fund Board approves their respective entity's risk appetite and ensures appropriate risk management is in place. ARCCs have been established for the DXAM Board and the DCFM/DCIS Board. The ARCCs are accountable to and acts primarily as a delegated committee to the respective Board. The objective of the Committee is to assist the Board in fulfilling their responsibilities as they relate to risk management (including Work, Health & Safety) and compliance management. Fund Boards include: DXAM Board; DWPL Board; DWFL Board; DWML Board; DIML Board; DCFM Board; DCIS Board; DCIL Board.
Executive Committee (ExCo)	The ExCo is responsible for ensuring appropriate risk management practices and policies are in place. This includes the oversight of the Group's risk management and compliance policies and the establishment of the internal audit program and ensuing it is delivered. Members of the ExCo are also responsible for promoting a culture of ethical behaviour and proactive risk management for their areas of responsibility.
Internal Audit	The appointed Dexus Internal Audit team provides independent and objective assurance on all matters related to the achievement of risk management objectives. Representatives of the audit team regularly attend the BRCC, BAC and DXAM ARCC, DCFM/DCIS ARCC and relevant Board meetings.
Risk and Compliance Teams	The Risk and Compliance teams, together with the business, operate under structured programs which includes the monitoring of compliance and risk management. The teams independently review and report on operational compliance and risk management.

Governance Team	The Governance team is responsible for overseeing governance and company/committee secretarial arrangements across different Boards and Board Committees and works closely with the Funds Management team in supporting third party capital partners. The Head of Governance oversees the delivery of the internal audit program.
All employees	Risk is managed in every part of an organisation's structure and therefore every Dexus employee has responsibility for managing risk on an ongoing basis. People managers and executives are responsible for supporting Dexus's culture of ethical behaviour and proactive risk management.

Further details of the DXFM Board and its Committees are provided in the Charters available on the Dexus website.

7. Risk Management Process

Dexus's risk management process is an integral part of management and decision-making and is incorporated into the structure, operations and processes of the organisation. Dexus's process for managing risk aligns to ISO31000:2018 and involves the systematic application of policies, procedures and practices.
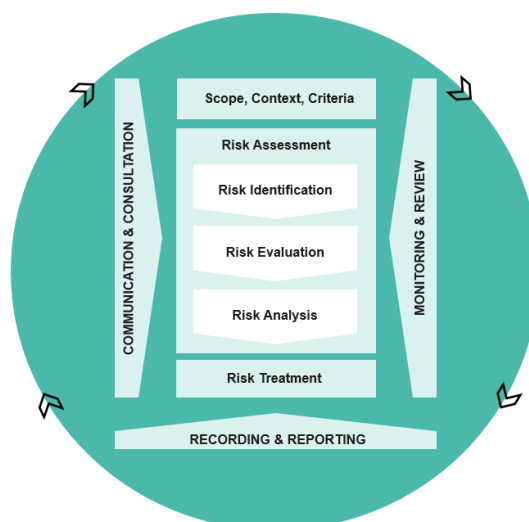

Figure 3: Risk management process (ISO31000:2018)

8. Key Risks

Dexus's key risks are reviewed at least annually with key stakeholders across the organisation and provided to the ExCo and BRCC for discussion and feedback. The key risks cover categories across strategic, investment, financial, regulatory and operational risk. Consideration is given to the external and internal operating environment and risks are assessed using the Risk Assessment Criteria. The Risk Assessment Criteria outlines the standardised criteria and rating scales to be applied and is reviewed periodically to ensure alignment with the organisation's appetite for risk.

Each key risk is monitored and reported periodically to the ExCo, the BRCC and/or the relevant Fund Boards.

9. Related policies

- Risk Management Framework
- Risk Assessment Criteria
- Risk Appetite @ Dexus Policy
- Dexus Code of Conduct
- Fraud Prevention Policy
- Anti-Bribery and Corruption Policy
- Whistleblower Policy
- Work Health Safety and Wellbeing Statement Policy

10. Approving Authority

Version	Document Owner	Author	Approving Authority	Approved Date
6.2	Risk	Senior Risk Manager	DXFM Board	27 July 2022
7.0	Risk	Senior Risk Manager	DXFM Board	15 August 2023
7.1	Risk	Senior Risk Manager	DXFM Board	31 July 2024
7.2	Risk	Senior Risk Manager	DXFM Board	30 July 2025