

Sustainability Reporting Suite

2019

dexus



All of Deux's 2019
sustainability reporting
combined into one
document.

Dexus 2019 Sustainability Reporting Suite

Combined PDF Document

This PDF document combines all of Dexus's 2019 sustainability reporting documents into a single PDF. Please refer to the table of contents below. Page numbers in the table refer to the pages of the combined PDF, which are provided to assist with searching the document using a PDF reader. Individual documents display original page numbers, they have not been repaginated.

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Sustainability Performance Pack

2019

dexus



Comprehensive sustainability reporting that supports the results outlined in the 2019 Annual Report

In this report

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2019 Annual Reporting Suite

Dexus presents its 2019 Annual Reporting Suite for the year ended 30 June 2019 available at www.dexus.com/investor-centre



2019 Annual Report

An integrated summary of the value created across Dexus's key resources and the Consolidated Financial report.



2019 Annual Results Presentation

A summary of Dexus's operational and financial performance.



2019 Financial Statements

The Financial Statements for Dexus Industrial Trust, Dexus Office Trust and Dexus Operations Trust, which should be read in conjunction with the 2019 Annual Report.



2019 Property Synopsis

An overview of Dexus's property portfolio.



2019 Sustainability Performance Pack

Comprehensive sustainability reporting that supports the results outlined in the 2019 Annual Report.

The 2019 Annual Reporting Suite is available in hard copy by email request to ir@dexus.com or by calling **+61 1800 819 675**.



About Dexus

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 26,000 investors from 19 countries.

With 35 years of expertise in property, investment, development and asset management, we have a proven track record in managing capital and risk to deliver superior risk-adjusted returns for our investors.

We invest only in Australia, and directly own \$15.6 billion of office and industrial properties. We manage a further \$16.2 billion of office, retail, industrial and healthcare properties for our third party capital partners. The group's circa \$9.3 billion development and concept pipeline provides the opportunity to grow both portfolios and enhance future returns.

We consider sustainability to be an integral part of our business with the objectives of leading cities, future-enabled customers, strong communities, thriving people and an enriched environment supporting our overarching goal of delivering sustained value.

We believe the strength and quality of our relationships will always be central to our success and we are deeply committed to working with our customers to provide spaces that engage and inspire.

Our Purpose

Dexus's purpose is an affirmation of our reason for being in business and supports our strategy and business model. It is the driving force behind our brand and desired culture.

Who we are

We are a passionate and agile team who want to make a difference

What we believe in

We are here to create value for:

- Our customers
- Our investors
- Our communities
- Our people

Why we come to work

We create spaces where people thrive

How we behave and what we value

- Openness and trust
- Empowerment
- Integrity

\$31.8bn

Total funds under management

157

Properties

4.7m

square metres across the group

\$14bn

Market capitalisation as at 30 June 2019

Sustainability at Dexus

Dexus's sustainability reporting provides a comprehensive overview of our sustainability performance from 1 July 2018 through to 30 June 2019 (FY19).

This year we aligned our 2019 Annual Report with the recommendations of the International Integrated Reporting Council <IR> Framework and published an integrated report that recognises the importance of our properties, our people, our business relationships, and the natural environment as key capital inputs for delivering sustained financial performance. The value creation diagram below integrates the objectives of our Sustainability Approach (sustained value, leading cities, thriving people, future enabled customers, strong communities, and enriched environment) as key outcomes of our business model, illustrating how these objectives relate to the key resources used to drive value creation.

The Dexus 2019 Sustainability Performance Pack expands on the performance highlights within the Annual Report, and provides further insight into how we use sustainability as a lens to integrate environmental, social and governance (ESG) issues into our business model.

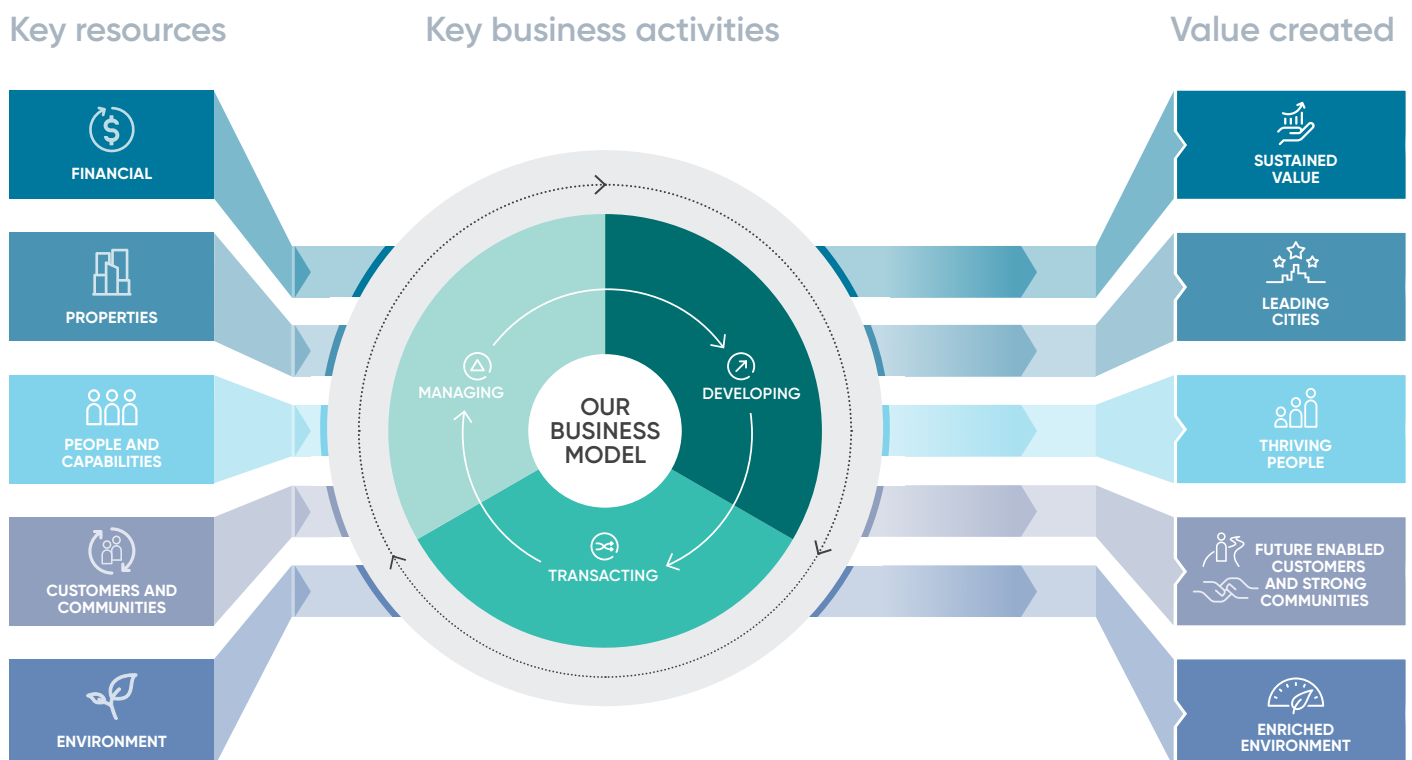
Investor engagement and feedback has revealed a strong preference for sustainability reporting that articulates how our Sustainability Approach delivers long-term value, by using consistent and comparable metrics appropriate for our industry. Our 2019 Sustainability Performance Pack continues our track

record of disclosure of our Sustainability Approach, performance and impact to stakeholders. The Sustainability Performance Pack also reports on progress against key commitments and defines new commitments for each of our Sustainability Approach objectives.

The Dexus 2019 Sustainability Performance Pack is supported by:

- [Dexus 2019 Sustainability Data Supplement](#)
Comprehensive disclosure of sustainability/ESG datasets aligned with reporting frameworks including the GRI Standards.
- [Dexus 2019 Disclosures on Management Approach](#)
Detailed descriptions of Dexus's approach to managing material issues, aligned with the GRI Standards reporting framework.
- [Dexus 2019 Corporate Governance Statement](#)
Dexus's corporate governance framework, reconciled against the principles of the ASX Corporate Governance Principles and Recommendations – Third Edition.

We continue to engage with stakeholders on the effectiveness of our reporting, with a view to continued enhancement of how we report on our economic, social and environmental impact.



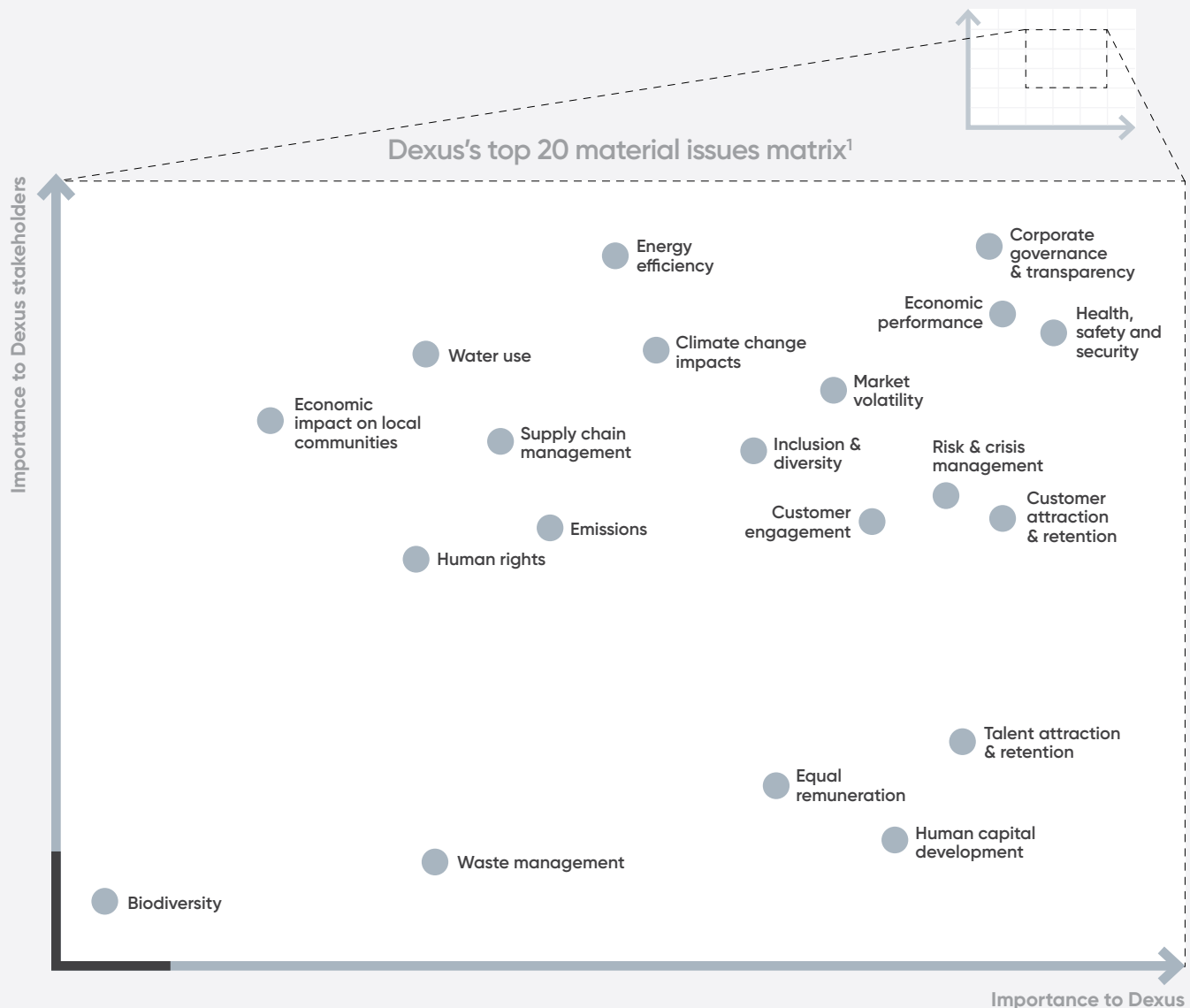
Sustainability at Dexus

Dexus applies the materiality definitions from the Integrated Reporting Framework and the GRI Standards, which consider material issues to be those that are of high importance to our stakeholders and that affect the organisation's ability to create value over the short, medium and long term.

This year, we undertook a materiality assessment to identify key topics that impact our ability to create value for our stakeholders. We included issues that linked to strategy, governance, performance or opportunities. We considered what was important to key stakeholders and what Dexus can have a material impact upon.

We have created a matrix to assist in prioritising the top 20 material issues as the basis for ongoing disclosure. The matrix shows the importance that Dexus and its stakeholders place on these top 20 material issues in relation to their impact on our ability to create value.

These material issues inform the topic areas that we focus on in our reporting and are a major consideration in the development of our evolving [Sustainability Approach](#). [Dexus's 2019 GRI Index](#) maps the location of disclosures within the Dexus 2019 Annual Reporting Suite that address these material issues using relevant GRI Standards indicators.



1. Each of the listed material issues are considered of high importance to Dexus stakeholders and to Dexus's business.

Materiality assessment process



In FY19, Dexus completed a materiality assessment, in collaboration with an external consulting firm, that followed the four-stage process described in the table below. We have historically completed a materiality assessment with an external consulting firm every four years, with a management review completed in the intervening years.

1. Identify & align	2. Engage	3. Prioritise	4. Disclose
<p>Research existing and emerging material issues relevant to our business, as identified by:</p> <ul style="list-style-type: none"> – Local and international best practice – Investment bodies – Sustainability benchmarking tools – Industry associations 	<p>Engage with key stakeholders to identify issues that are considered important to the group. This included issues relating to GRI Standards topics as well as other stakeholder issues.</p>	<p>Engage with topic experts across Dexus to assign an appropriate level of priority on the relative materiality of the issues, prioritising them based on their significance and likely impact to Dexus and our stakeholders.</p>	<p>We have aligned our materiality process with the GRI Standards to ensure our Annual Reporting Suite discloses our approach to material issues and performance in a consistent and comparable way.</p>

Managing risk

A prudent and robust approach to risk management is an essential part of Dexus’s ongoing success. There are various risks that could impact the execution of Dexus’s strategy and outlook, and the nature and potential impact of these risks can change over time.

Dexus actively reviews and manages risks faced by the group over the short, medium and long term, overseen by the Board Risk Committee.

For further information on Dexus’s risk management framework refer to the [2019 Annual Report](#) and the [2019 Corporate Governance Statement](#).

Boundary terms

In this 2019 Sustainability Performance Pack:

- ‘Dexus’, ‘the group’, ‘Dexus group portfolio’, ‘we’, ‘us’ and ‘our’ refer to Dexus comprising the ASX listed entity (DXS) and the Third Party Funds Management business, unless otherwise stated
- ‘Dexus portfolio’ relates specifically to the portfolio of properties in the ASX listed entity
- ‘Funds management portfolio’ relates to properties managed by Dexus on behalf of third party clients
- ‘Third party capital partners’ refers to the investors, partners, and clients in our funds management portfolio

Any reference in this report to a ‘year’ relates to the financial year ended 30 June 2019. All dollar figures are expressed in Australian dollars unless otherwise stated.

Independent assurance

In addition to auditing the Financial Statements, PricewaterhouseCoopers (PwC) provides limited assurance over select environmental and social data metrics within the 2019 Dexus Annual Reporting Suite.

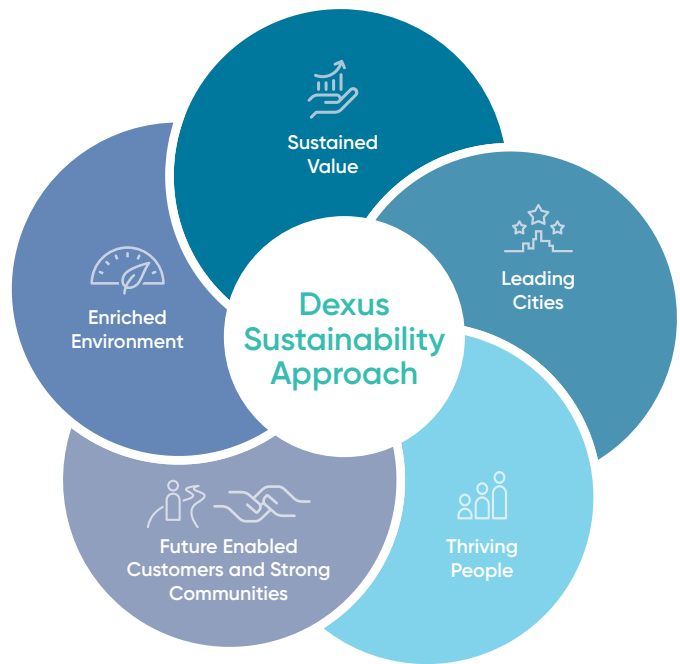
Limited assurance has been obtained for the 12 months to 30 June 2019. The Assurance Statement, and associated reporting criteria documents are available within Dexus’s online [sustainability reporting library](#).

Sustainability at Dexus

Dexus's Sustainability Approach

Dexus's Sustainability Approach incorporates the Principles for Responsible Investment (PRI) 'six principles' relating to responsible investment and active property management. The approach is aligned with our corporate strategy by supporting the creation of sustained value through integration of material ESG issues into our business model.

Our Sustainability Approach is the lens that we use to effectively manage emerging ESG risks and secure long-term value creation opportunities. It incorporates five objectives which collectively direct our focus towards addressing the issues considered to be most material for our stakeholders.



Aligning with global goals

As a signatory to the UN Global Compact (UNGC), we are committed to upholding the UNGC's ten principles and also support broader UN objectives such as the Sustainable Development Goals (SDGs).

The UNGC's ten principles are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The SDGs are a set of 17 universal goals applicable to all countries at all stages of development. They lay out a path to 2030 to end extreme poverty, fight inequality and injustice, protect the planet, and provide a framework for global and local sustainable development efforts. Through continued integration of our Sustainability Approach into the business, we can have a positive impact on the SDGs identified below.



We integrate our Sustainability Approach into the business to effectively manage emerging ESG risks and secure long-term value creation opportunities.



Sustained Value

Creating long-term value by integrating environmental, social and governance issues into our business model

ECONOMIC PERFORMANCE

CORPORATE GOVERNANCE

SUSTAINABLE INVESTMENT

Our capacity to sustain financial performance depends on how we create value through our key resources and is supported by strong corporate governance.

Dexus's strategy is to deliver superior risk-adjusted returns for investors from high quality real estate in Australia's major cities. Continued execution of our strategy over time requires effective deployment of our key resources and relationships, including:

- **Financial** – The pool of funds available to us for deployment, which includes debt and equity funding, as well as profits retained from our property management, development and trading activities
- **Manufactured** – Our properties, which are central to our capacity to create value as a real estate company
- **Human** – The knowledge, expertise and performance of our people
- **Social and relationship** – The relationships we nurture with our customers, local communities and suppliers
- **Natural** – The natural resources we use such as energy, water and materials

The objectives of our Sustainability Approach are aligned with our key resources and relationships:

- **Sustained Value** – Delivering long-term financial performance supported by active capital management, strong corporate governance, and the achievements of our other Sustainability Approach objectives

- **Leading Cities** – Focusing on maintaining and developing a high-quality property portfolio that contributes to economic prosperity and sustainable urban development across Australia's key cities
- **Thriving People** – An engaged and capable workforce with high levels of personal fulfillment and satisfaction, who are motivated to deliver on our strategy
- **Future Enabled Customers and Strong Communities** – Satisfied and successful customers, prosperous and strong communities, and capable suppliers with whom we enjoy productive and enduring relationships
- **Enriched Environment** – An efficient and resilient portfolio that minimises our environmental footprint, helping us to mitigate climate risk and prepare for the future

The approach and performance disclosed in each section of this Sustainability Performance Pack ultimately supports our creation of sustained value. The Sustained Value section of this report focuses on:

- Summarising the financial results across our key earnings drivers
- Advances in corporate governance over the past year
- Our positioning as a sustainable investment of choice

5.0%

Growth in distribution per security

5.5%

Growth in Adjusted Funds from Operations (AFFO) per security

10.1%

Return on contributed equity



We drive sustained value creation through effective integration of our Sustainability Approach into our strategy and operations

Delivering FY19 Sustained Value commitments

Commitment	Status	FY19 Achievements
Investors	Deliver circa 5% growth in distribution per security	✓ Delivered 5.0% growth in distribution per security, declaring 50.2 cents per security for FY19 (FY18: 47.8 cents per security)
Office and Industrial	Maintain office and industrial occupancy >95%	✓ Achieved 98% and 97% occupancy in our office and industrial portfolios respectively as at FY19
	Target like-for-like income growth in office of 4-5% and industrial of 2.5-3.5% revised to circa 3% and circa 8% respectively in May 2019	✓ Delivered 3.4% like-for-like income growth in office and 8% in industrial
	Manage capital expenditure down to \$155-165 million	✓ Reduced total capital expenditure to \$164.3 million (FY18: \$167.8 million)
	Selective forward leasing to manage expiry risk	✓ Office portfolio FY20 lease expiry reduced to 6.9% at 30 June 2019, down from 11.7% at 30 June 2018
	Capture upside in Sydney market	✓ Leased 98,898 square metres in the Sydney CBD office market achieving +24% releasing spreads
Development	Complete the development of 100 Mount Street, North Sydney	✓ Completed 100 Mount Street development in May 2019 with 96% of space committed at 30 June 2019 and achieving an unlevered IRR of 39.6%
	Advance and de-risk leasing of key projects in the development pipeline and activate new opportunities	✓ Leasing risk was reduced across all key office development projects with: <ul style="list-style-type: none"> - 100 Mount Street, North Sydney reaching practical completion with 96% of space committed, up from 63% at FY18 - 240 St Georges Terrace, Perth with 93% of space committed, up from 51% at FY18 - 180 Flinders Street, Melbourne with 81% of space committed, up from 39% at FY18. New opportunities acquired or activated include: <ul style="list-style-type: none"> - A fund-through development of a premium grade office tower, hotel and retail precinct at 80 Collins Street, Melbourne which was announced in May 2019 - Securing a prime office development site at 52 & 60 Collins Street, Melbourne - Commencing a city retail redevelopment at MLC Centre, Sydney - Activating two industrial development projects at Truganina in Victoria
Third Party Funds Management	Continue to drive strong performance across all unlisted funds and partnerships, while progressing the launch of new unlisted funds or partnerships	✓ Unlisted funds continued to achieve strong performance against their investment objectives Dexus Wholesale Property Fund (DWPF) continued to outperform its benchmark over all time periods Established a new circa \$2 billion ¹ unlisted trust that invests in Australian logistics properties Attracted 12 new investors across four managed funds.

Key

✓ achieved → progressed

1. On completion.

Commitment	Status	FY19 Achievements
Trading	✓	Delivered \$34.7 million of trading profits net of tax, achieving the FY19 target
Capital Management	✓	Debt duration remained high at 6.7 years at 30 June 2019 Further diversified funding sources through the issue of \$425 million of Exchangeable Notes to fund the acquisition of a further 25% interest in the MLC Centre, Sydney

Key

✓ achieved → progressed

Creating spaces where people thrive

We recognise that our capacity to create value for our investors ultimately depends on how we create value for a broader array of stakeholders, including:

- our **customers**, who lease space from us based on how well we are able to meet their needs and foster their success
- our **employees**, who work for us because they are engaged, healthy, and provided with fulfilling career opportunities
- the **communities** in and around our properties, who impact our capacity to create value by welcoming our presence in their local area
- broader **society**, who judge us on whether we have a positive or negative impact on societal issues such as climate change and human rights.

The Dexus Purpose

Our new purpose statement, developed by our people and approved by our Board over the past year, articulates how we leverage our business model to meet the needs of our many stakeholders. Our purpose states that:

- **We are a passionate and agile team who want to make a difference** – defining key traits of our workforce and confirming that we want to enhance those around us through our work
- **We create spaces where people thrive** – directing us to think about what our stakeholders need to ‘thrive’ when we go about managing our portfolio and our workspace
- **We are here to create value for customers, investors, communities and our people** – solidifying the importance of value creation for the broad stakeholder base that interacts with our business
- **Our values are openness and trust, empowerment, and integrity** – confirming the traits we look for to embed ethics and responsibility across our organisation.

More information on the development of our purpose is provided on page 21.

FY20 commitments

- Circa 5.0% growth in distribution per security
- Increase WALE and maximise AFFO in our office portfolio
- Maximise synergies across our industrial and retail customer base
- Maintain a strong balance sheet and further diversify debt

Focus on corporate governance

Our new Governance team

In February 2019, we established an internal governance team led by a new position, the Head of Governance. We also split our Risk and Compliance team into a separate Risk Team and Compliance Team, with a dedicated Head of Risk and Head of Compliance. The Head of Governance, Head of Risk, and Head of Compliance all report directly to the General Counsel. Each of these business heads also have direct reporting lines to the CEO and the Chairman of the Board, enabling them to raise issues to CEO and Board levels promptly when required.

The new Governance team is responsible for:

- Company secretariat functions across the group
- Establishment and implementation of key governance policies
- Internal Audit function
- Investigating disclosures made by whistleblowers

We reviewed our governance frameworks against the ASX Corporate Governance Principles and Recommendations (Fourth Edition), published in February 2019. Our new purpose statement articulates the 'why' behind our business and defines the values that underpin our purpose, as stated in the recommendations. Our review found that we are already compliant with the vast majority of recommendations, including new additions such as guidance to recognise and disclose climate risk, as well as to set gender diversity targets for our Board.

Key ESG policy reviews

All key policies are reviewed annually. Over the past year, we updated several policies that support our approach to ESG issues, including:

- [Inclusion and Diversity Policy](#) – updated to include a Board Inclusion and Diversity Policy and explain the practices that support inclusion and diversity across our business
- [Human Rights Policy](#) – updated to recognise human rights as defined by international law, and explain our approach to upholding human rights across our operations and our supply chain
- [Environment Policy](#) – updated to include commitments that support our net zero emissions by 2030 target, and to specify key activities for environmental sustainability that are applicable to property operations, transactions and developments, as well as to environmental performance across our value chain
- [Sustainable Procurement Policy and Supplier Code of Conduct](#) – updated to acknowledge the inclusion of upstream and downstream operations in our net zero emissions by 2030 target, and to direct suppliers to manage their people ethically, in line with our commitment to the UN Global Compact

Recognising the opportunity to learn from the recent inquiries into corporate culture across Australian financial services companies, we initiated a risk culture review of our organisation, as detailed on page 22.

From ship to shop shelf: Dexu's integrated retail and industrial offer

Dexu has integrated its retail and industrial teams into one division to support its customers' activities through different stages of their supply chains. The integration was a response to the growing operational synergies between retail and industrial property sectors, as circa 50% of Dexu's industrial customers are also retail customers in its shopping centres.

The integration has allowed Dexu to better understand global megatrends, address the growing e-commerce economy and meet customers' expectations in an increasingly urbanised world. The new 'ship to shop shelf' offering supports customers throughout their logistics journey, providing them with the capacity to move products from air or sea ports to their end users or retail outlets via their warehouse space.

With customer experience at the core of Dexu's business, the alliance will provide its customers with a fully integrated property experience from ship to shop shelf, supporting them through their entire property journey.



Spotlight on modern slavery

In November 2018, the Australian Government passed the *Modern Slavery Act 2018* (the Act). The Act sets out a public reporting requirement, applicable to entities generating \$100 million or more annual revenue, to report on modern slavery risks present in the entity's operations and supply chains, as well as actions taken to address these risks and assess the effectiveness of their actions. The Act came into effect on 1 January 2019, and we are obligated to issue our first modern slavery statement after the close of FY20.

Over the course of FY19, we have made progress to better understand the modern slavery risks in our operations and supply chain, as well as enhance how we can mitigate these risks. Three key initiatives from FY19 that support our approach to modern slavery include:

1. Signing up to the United Nations Global Compact
2. Setting up internal modern slavery working groups
3. Collaborating with the Property Council of Australia (PCA) on an industry-wide supplier due diligence tool.

Dexus joins the UN Global Compact

In February 2019, we joined the UN Global Compact, which commits businesses to upholding universal principles on human rights, labour, environment and anti-corruption. Our membership in the UN Global Compact signals our commitment to responsible business practices and enables us to benefit from support and learning opportunities provided by the Compact. The UN Global Compact also encourages businesses to consider how their business can contribute to broader global objectives such as the UN Sustainable Development Goals.

As a signatory to the UN Global Compact, we are required to submit an annual *Communication on Progress* that describes practical actions taken to implement the ten principles across human rights, labour, environment and anti-corruption. Our 2019 Sustainability Performance Pack, Data Supplement, and Disclosures on Management Approach collectively serve as our *Communication on Progress*.

Dexus's modern slavery governance framework

In FY19 we set up an internal modern slavery working group, as well as subgroups focused on operational procurement, development procurement, corporate procurement, and communications. The working group is led by the Executive General Manager, Investor Relations, Communications and Sustainability, and reports to the Board Risk Committee.

The working group assisted in the revision of our Human Rights Policy and identified areas of focus for the subgroups, such as:

- Reviewing contractual documentation and returnable schedules to include requirements related to modern slavery
- Considering supplier evaluation criteria and enhancing understanding of potential monitoring approaches
- Mapping supply chains to understand supplier obligations under the Act and assisting suppliers to prepare for the Act
- Preparing communications to employees, customers, and communities about the Act, and training to be provided to employees about how to respond to potential occurrences of modern slavery if identified.

For more information on how we are engaging our supply chain on modern slavery risks, please see page 37.

PCA industry-wide supplier due diligence tool

We continued our collaboration with industry peers via the PCA to co-create and pilot a common modern slavery due diligence questionnaire for suppliers. The questionnaire is designed to assist suppliers to provide relevant information to procuring companies like Dexus that support our modern slavery reporting obligations.

We will continue to progress our modern slavery risk management efforts in FY20 by engaging with suppliers to establish appropriate policies and procedures, and effective reporting back to Dexus on modern slavery practices, instances and affirmative actions. We will also deploy the PCA's supplier due diligence tool across current suppliers to gather company information on their labour management practices. Through these activities Dexus will collect consistent information for analysis to enhance benchmarking and prioritise further engagement.

Positioning Dexus as a sustainable investment of choice

Dexus recognises the growing interest from the global investment community in responsible investment, sustainable investment, and impact investment. We engage with our investors and prospective investors on how we leverage sustainability as a means of managing emerging risks and unlocking long-term value creation opportunities.

We participate in several investor ESG surveys for the purposes of benchmarking our sustainability performance, communicating our sustainability credentials and understanding how we can continuously enhance our Sustainability Approach.

Our FY19 results across key investor ESG surveys are provided in the table below, which demonstrate our strong positioning across these leading benchmarks.





Investor engagement on ESG

We work with ESG rating providers to ensure that their clients have the most accurate and up-to-date information on our sustainability performance, and welcome direct engagement from our investors on ESG issues. Issues discussed with key investors during FY19 included:

- Continuing our focus on climate risk and enhancing our reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (page 47)
- Preparing for the Australian Modern Slavery Act (page 11)
- Our approach to executive remuneration (2019 Remuneration Report, pages 68–91 of [Dexus's 2019 Annual Report](#)).

Our strong sustainability credentials have earned Dexus a place on ESG-focused investable indices in FY19, including:

- MSCI ACWI Climate Change Index, which considers companies' integration of risks and opportunities associated with the transition to a lower carbon economy
- S&P/ASX 200 ESG Index, which bases membership on strong performance in the SAM Corporate Sustainability Assessment (Dow Jones Sustainability Index).

Sustainability benchmark	FY19 Performance summary
<p>Signatory of:</p>  <p>Principles for Responsible Investment</p>	<p>In 2019, PRI awarded Dexus:</p> <ul style="list-style-type: none"> – 'A+' perfect score across the Strategy and Governance module, as well as for our approach to responsible investment across our Direct Property portfolio.
 <p>G R E S B[®] REAL ESTATE Sector Leader 2018</p>	<ul style="list-style-type: none"> – Dexus Office Trust achieved 1st place among Australian listed office funds, and placed 6th globally among over 870 participants across all asset classes – Dexus Wholesale Property Fund (DWPF) was named Sector Leader, achieving 1st place for unlisted Diversified (Office/Retail) funds in Australia – Both entities maintained their 5 Green Star status recognising best practice at setting management strategy and policy and achieving successful outcomes through implementation.
 <p>DISCLOSURE INSIGHT ACTION</p>	<ul style="list-style-type: none"> – Dexus was awarded 'Leadership A-' status in 2018, which is among the top 4% of scores for Australian companies asked to respond to CDP.
<p>MEMBER OF</p>  <p>In Collaboration with RobecoSAM</p>	<ul style="list-style-type: none"> – Dexus retained its position in the 2018 DJSI World, Asia Pacific and Australian indices – Dexus was awarded a Gold Class Sustainability Award in the RobecoSAM 2019 Sustainability Yearbook.



Leading Cities

Contributing to economic prosperity and sustainable urban development across Australia's key cities

SUSTAINABLE DEVELOPMENT

ECONOMIC IMPACT OF DEVELOPMENT

STAKEHOLDER ENGAGEMENT

Dexus's capacity to create value is tightly linked to the overall growth and prosperity of the cities where we operate.

One of the key megatrends impacting our business model is the continued growth of cities and urbanisation. There is a mutual relationship between these growth drivers and the role that Dexus can, and does, play in shaping our cities for the future as desirable places to live, work and play. This is consistent with our strategy which is centred on delivering superior returns from high quality real estate located in Australia's major cities.

The Leading Cities objective of our Sustainability Approach involves developing world-class office properties that deliver customer-focused, sustainable workplaces and which enhance the amenity and vibrancy of central business districts (CBDs).

The location of our properties across key Australian CBDs means that their function is closely linked to the broader services, infrastructure and amenity provided by the city as a whole. For this reason, our success is tightly linked to the success of Australia's major cities.

Cities deliver economic prosperity through enhancing opportunities for collaboration and supporting the exchange of knowledge and ideas. We contribute to this prosperity through the delivery and management of world class properties that attract high calibre customers whose businesses support local, regional and national economies. We expand our reach and engage local communities through collaboration with authorities and industry associations, and work together with peers and other stakeholders to share insights and lift urban development standards.

More information on our approach to delivering our Leading Cities objective is provided in our [2019 Disclosures on Management Approach](#).



We contribute to the long-term viability of cities by integrating sustainable outcomes into our developments.

1. Total Gross Value Added (GVA) includes estimated direct GVA and indirect GVA to the economy generated by developments completed in FY19 and currently underway. Source: REMPLAN; Dexus.
2. Total construction jobs include direct and indirect employment supported by developments completed in FY19 and currently underway. Source: REMPLAN; Dexus.

98%

Dexus office portfolio occupancy

52,815_{sqm}

Dexus office development leasing

\$7.1bn

Group development pipeline

Circa

\$2.2bn

Future concept development opportunities

\$1.6bn

Gross value added¹ (GVA) to the Australian economy

10,149

Construction jobs supported²

Delivering FY19 Leading Cities commitments

Commitment	Status	FY19 Achievements
Collaborate with stakeholders to invest in the cities of the future by unlocking potential value and enabling sustainable urbanisation through the activation of six sites within the existing portfolio from 2017–2022	✓	Contributed to sustainable urbanisation through the activation of six sites within the existing portfolio including 360 Collins Street, Melbourne, 105 Phillip Street, Parramatta, Raphael Place at One Farrer Place, Sydney, 321 Kent Street, Sydney, 44 Market Street, Sydney and 100 Mount Street, North Sydney.
Contribute to the creation of cities of the future through the development of four precincts that are defined by human activity, comfort and culture, with people connecting to each other and to place	→	Progressed the planning and development of four city-shaping precincts including Waterfront Precinct in Brisbane, St Leonards Health Precinct in Sydney, Henry Deane Place, Central in Sydney and 140 George Street in Parramatta.

Key

✓ achieved → progressed

Helping to shape leading cities

At Dexus, we believe that our properties serve as important community precincts that enhance urban amenity, and that our developments can demonstrate highly sustainable outcomes.

In May 2019, our newest office development at 100 Mount Street in North Sydney was completed, providing a showcase for smart building technology and setting a new benchmark for office in the North Sydney CBD. 100 Mount Street was recognised as the Best Commercial High-rise Development in Australia at the International Property awards 2019–2020.

100 Mount Street is an exemplar of sustainable design with leading design and innovation features including:

- Highly transparent closed cavity facade with automated blind system to reduce glare while maximising natural light and visibility
- Low energy, healthy and flexible active chilled beam air conditioning system
- Occupancy sensors that enable operational and environmental efficiencies through automation and data analytics.

Marking a significant milestone, the development of our premium industrial estate at Quarry, Greystanes was completed, delivering a key economic hub to Western Sydney. The completion of Quarry, Greystanes has delivered the most significant industrial estate developed in the expanding Greater Western Sydney area in recent years, attracting a diverse community of high calibre customers across a range of sectors, and providing employment for around 3,000 people.

FY20 commitments

- Maintain Dexus office portfolio occupancy at or above 95%
- Create city retail precincts that improve the amenity and vibrancy of our CBDs
- Contribute to economic growth through the generation of employment and contribution to GVA from development projects





100 Mount Street delivers a new landmark for North Sydney

After years of limited supply, 100 Mount Street (100 Mount) has kicked off the next wave of quality office accommodation coming online in North Sydney, supporting the revitalisation of the North Sydney CBD.

100 Mount is a landmark 35-level premium office tower spanning approximately 41,900 square metres. Occupying one of the best locations in North Sydney, the site is set to benefit from proximity to the new North Sydney Metro Station currently under construction.

The development was acquired by Dexus (50%) and DWPF (50%) in April 2016 at a time when there was a lack of quality space available in the North Sydney office market. During the period of construction, Dexus secured 12 new customers including NBN Co, taking leased space to 96% at practical completion in May 2019.

Dexus created significant value at 100 Mount Street, at a total cost, including acquisition and construction costs, of \$466 million.

The property was valued at \$764 million (100% interest) as at 30 June 2019 based on a capitalisation rate of 4.88% and has delivered an annualised unlevered internal rate of return (IRR) of 39.6% to 30 June 2019, above the target development IRR of 12–14%.

Contributing to leading cities

100 Mount is an iconic centre for commerce in North Sydney's growing CBD that sets a new benchmark for workplace design, sustainability features and public amenity.

The office tower adopts smart building technology solutions designed to promote connectivity, comfort and convenience for the building's occupants including:

- The ability to 'plug and play' technology as it becomes available without impacting on operations
- Leading full cellular coverage throughout the building and an upgrade path to the impending 5G standard
- High performance, free WiFi in common and public spaces
- A turnkey network-as-a-service solution enabling new customers to gain connectivity and leverage the substantial IT infrastructure embedded in the building from their first day of occupation

At the ground level, the lobby comes to life with digital artwork by internationally renowned photographer, Tamara Dean. The development offers new dining and retail experiences and a pedestrian pathway bisects the site to connect the building to nearby public transport.

An exemplar of sustainable design, 100 Mount is targeting 5 Star Green Star Design & As Built and 5 star NABERS Energy ratings. The International WELL Building Institute™ has awarded 100 Mount the WELL Core & Shell Gold Pre-certification.

This new development supported more than 1,800 construction jobs and contributed approximately \$300 million in GVA during construction.

Quarry, Greystanes delivers a premium industrial estate to Western Sydney

Quarry, Greystanes (Quarry) is the most significant industrial estate developed in the expanding Greater Western Sydney area in recent years.

Dexus and its third party capital partners acquired the 70-hectare site over two tranches in 2007 and 2014 and have delivered more than 310,000 square metres of premium warehouse space and 30,000 square metres of high-quality office space.

Dexus worked alongside its customers to deliver highly efficient, state-of-the-art facilities to meet their specific requirements.

With a focus on sustainability, facilities in the estate feature:

- Capacity for rooftop solar PV panels, achieving energy and operational cost savings through renewables
- Harvested rainwater from rooftops combined with highly efficient water fixtures in bathrooms and irrigation
- Intelligent LED lighting with sensors combined with motion and smart daylight harvesting
- Translucent roofs and wall sheeting for improved natural daylight linked to smart lighting

Contributing to leading cities

More than 30 high calibre customers across a range of sectors are located at Quarry including Bunnings Trade, Toshiba, HelloFresh, Symbion, Beaumont Tiles and Coco Republic, providing employment for around 3,000 people.

Quarry has established a key economic hub for Greater Western Sydney, supporting more than 1,400 construction jobs and contributing approximately \$240 million in GVA during construction.





Creating leading city precincts

At several locations across our portfolio, we have identified opportunities to go beyond the building envelope to create world-class urban precincts. In FY19, we progressed several precinct opportunities, including:

- **Waterfront Precinct Masterplan, Brisbane** – a major redevelopment of the Eagle Street Pier creating a precinct with an alternative masterplan under review
- **St Leonards Health Precinct (12 Frederick Street), St Leonards (Stage 2)** – a world-class precinct, combining clinical care, research facilities, a medi-hotel and key worker housing that will expand the existing medical precinct
- **Henry Deane Place, Sydney** – revitalising Sydney's Central Station through the redevelopment of the Lee Street properties in partnership with Frasers Property Australia into a large scale mixed-use development
- **140 George Street, Parramatta** – a prime grade office development in the heart of the Parramatta central business district, providing an innovative workplace environment and superior wellness offering, complemented by an enhanced public domain

One Farrer Place, Sydney

We also continued to enhance our existing portfolio through new city retail developments that delight our customers and welcome visitors. In FY19, we progressed a new dining precinct at One Farrer Place in Sydney. Raphael Place is a historic courtyard between One Farrer Place and a row of heritage-listed terraces along Raphael Lane. Raphael Place will feature new food and beverage offerings, communal seating and a newly installed glazed awning over the courtyard. The courtyard showcases the site's rich history and will be combined with a contemporary dining experience for our customers at One Farrer and the surrounding community.

44 Market Street, Sydney

We also progressed our lobby activation project at 44 Market Street, Sydney. The project will reinvigorate the ground floor and mezzanine areas of the property, activating street frontages and improving amenity for customers and the community. On completion, the property will offer additional retail, food and beverage options, as well as a new pocket park for customers and the surrounding community to enjoy.

MLC Centre, Sydney

The acquisition of the remaining 50% interest in MLC Centre, Sydney (25% Dexus, 25% DWPF) enabled the commencement of the precinct project to transform the site into a true mixed-use destination. The MLC Centre precinct will be transformed into a vibrant community offering retail, dining and cultural spaces in the heart of the Sydney CBD. The project will deliver new and improved retail space across four levels and also includes plans to reactivate the Theatre Royal, with Dexus reaching agreement with the NSW Government, paving the way for a private theatre operator to run the theatre.



5 Martin Place, Sydney wins again

During the year 5 Martin Place, Sydney received an Award of Merit at the UNESCO Asia-Pacific Awards for Cultural Heritage Conservation. The award recognises the property's revitalisation as Premium office while refurbishing its period features and preserving its historic character.

Raising the benchmark for our industry

At IBCon 2019, Dexus was globally recognised for leveraging technology to improve efficiencies and deliver superior customer service. Dexus was awarded the 'Digie' award for the Most Intelligent Office Portfolio, recognised for:

- Being an early pioneer in adopting a customer centric approach through the creation of Dexus Place, proving that focus on experience would generate a measurable return on investment
- Continually testing and implementing best of breed, cybersecure, smart building access control and management solutions in both new and existing properties
- Creating an elite partnership with Yardi, effectively leveraging all modules of the Yardi suite to maximise enterprise benefits





City activations and events

NRL in Brisbane

We play a role in enhancing the vibrancy of cities by participating in and hosting events and festivals at our properties across our portfolio. At Eagle Street Pier in Brisbane, retailers and visitors enjoyed National Rugby League (NRL) Magic, a weekend of events including big screen showings of NRL matches, face painting, balloon artists, and magicians. National television show, The Today Show, provided national coverage for both NRL and Mother's Day audiences. The activation provided enjoyment for visitors, increased visitation for our retailers, and resulted in marketing value over \$220,000 with a reach of over 1.5 million people.

Vivid Sydney

In May–June 2019, our Sydney properties once again contributed to the success of the Vivid Sydney festivals with custom installations and light shows. At our Gateway Sydney city retail precinct, we installed an interactive display called *The Harp of The City*. At Australia Square, lights installed at the top of the property played a role in the larger city-wide effect called *City Sparkle*.

Christmas in Perth

Kings Square in Perth took part in the City of Perth's Christmas Lights Trail by activating available space with an illuminated Christmas window display, showcasing Santa's Secret Elves and their headquarters. The Kings Square precinct also featured a Christmas Constellation make up of over 20,000 shimmering panels.



Our buildings as public exhibition spaces

In late 2018 we hosted an exclusive exhibition, *BLUE: Metamorphosis – Layered Reflections, Expressions of A Life Reinvented* at Australia Square, MLC Centre and One Farrer Place in Sydney.

The exhibit featured more than 30 of renowned artist Mellessa Raymond's works, and turned the lobbies of these three office towers into immersive art experiences for customers and visitors.

During the year, Australia Square also hosted *In Bloom: a photographic lightbox installation of spring flowers* by internationally acclaimed photographer, director and artist Alina Gozin'a. The installation engaged customers and visitors through an immersive experience, with one lucky individual winning a piece of Alina Gozin'a's artwork via a business card draw on the last day of the exhibition.

Attractions like *BLUE:Metamorphosis* and *In Bloom* contribute to the vibrancy of our cities and provide an extra dimension to our properties where customers and visitors can socialise and enjoy cultural experiences.



Our properties are more than just workspaces, they are community hubs where people come together to meet, eat, play and learn.



Partnerships for sustainable development

Dexus helps shape sustainable urban development through active engagement on sustainability issues with local government and business groups.

Better Buildings Partnership

Dexus is a founding member of the Sydney-based Better Buildings Partnership (BBP) that brings together property managers to collaborate on improving environmental performance and value chain relationships.

We continued to support BBP initiatives and collaborate on developing industry leading guidance. We are in the third year of implementing the BBP's 'strip out' waste guidelines within tenancy de-fit projects. Dexus's goal is to consistently meet an 80% waste recovery rate and has made significant progress towards this, achieving our goal across 19 of 31 projects to date (refer to page 44 for more on our approach to waste management). Our office property at 100 Harris Street, Pyrmont is also participating in the BBP's Better Buildings Cup, which involves collaboration with our customers to reduce emissions and improve wellbeing.

Partnering on climate change

Dexus is a member of the Investor Group on Climate Change (IGCC) and supports its vision for a climate resilient net zero emissions economy by 2050. Our people supported the aims of the IGCC through participation in several working groups, including its Physical Risk and Resilience working group, Transition to Zero Carbon working group, and Transparency and Thought Leadership working group.

As part of our continued support for a net zero emissions future, we signed up to the World Green Building Council's Net Zero Carbon Buildings Commitment and became members of the Climate Group's EP100 campaign to enhance energy productivity. The Enriched Environment section on pages 38-53 provides more detail on our emissions reduction activities and net zero emissions target.

We trial and provide feedback on building rating tools that support the elevation of standards and performance for our industry. In FY19 we continued to pilot the use of NABERS Waste and NABERS Indoor Environment ratings at select sites across our portfolio (refer to pages 44-45). We also participated in the Green Building Council of Australia's Green Star Future Focus workshops, aimed at reshaping the Green Star rating system to lift the benchmark for sustainable outcomes in the built environment.



100 Harris Street goes for Better Buildings Cup

Dexus has selected its office property at 100 Harris Street in Pyrmont, Sydney to participate in the BBP's Better Buildings Cup, a year-long challenge that commenced in May 2019. The challenge is a collaboration between Dexus and its customers at 100 Harris Street to become the happiest, healthiest and most sustainable workplace in Australia.

The challenge takes place over a 12-month period, with 14 buildings across Australia (each owned by a different property company) accepting this year's challenge.

Over the next year, Dexus will work with customers at 100 Harris Street on initiatives aimed at reducing emissions and improving wellbeing. One of the initiatives implemented early on is the planting of herbs and vegetables around the property for customers to nurture and pick to 'spice up their lunch'. Over the course of the challenge, customers will enjoy other activities including charity bake sales and recycling initiatives.

100 Harris Street is a natural fit for the challenge as it recently installed 606 rooftop solar photovoltaic (PV) panels which generate energy to power the base building services, including lobby lighting, lifts and air-conditioning. The new solar array will generate up to 250,000 kilowatt hours of energy per year. The solar panels will also contribute to a higher NABERS Energy rating, which provides independent verification of the property's sustainability credentials and enhances its appeal to carbon-conscious customers.





Lending our voice to issues affecting our cities

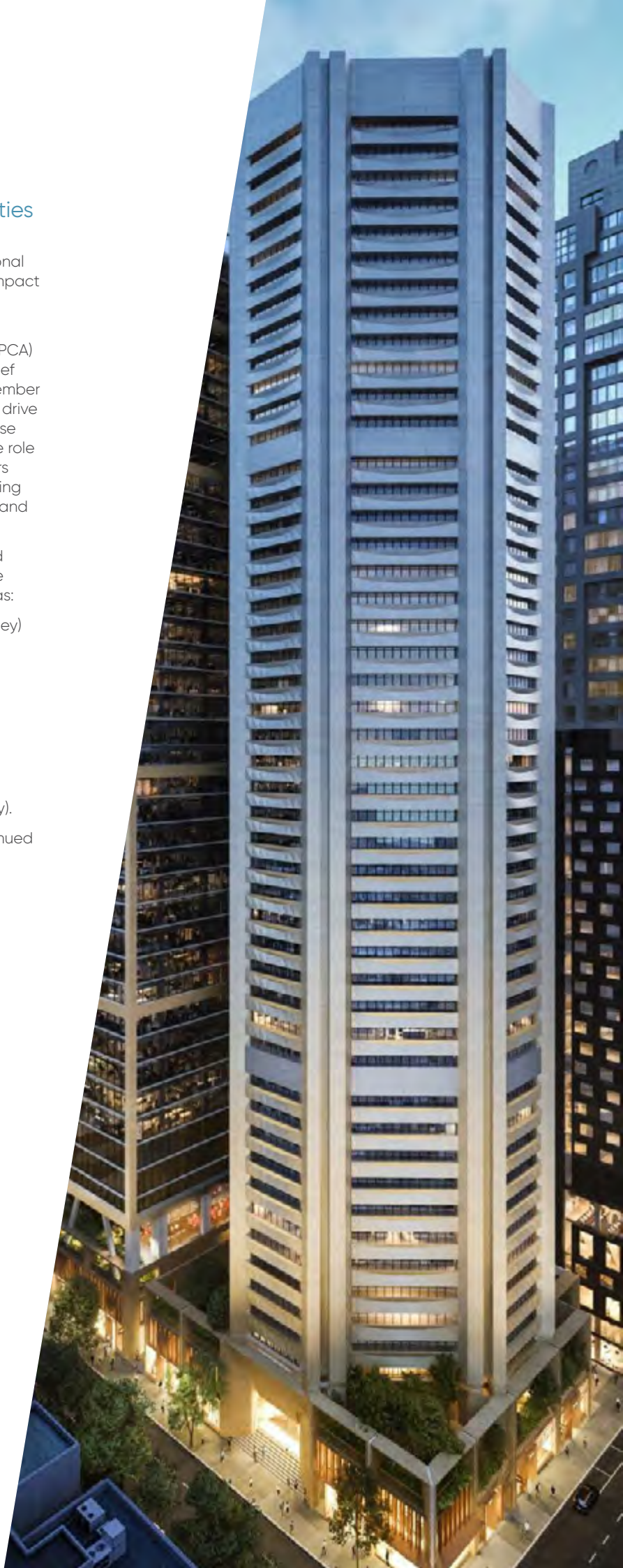
Across Dexus, passionate people contribute their time to collaborate with industry groups at both national and regional levels, contributing to public policy debate on issues that impact the future prosperity, liveability, connectivity and resilience of our cities.

We actively engage with the Property Council of Australia (PCA) through group initiatives and regular advocacy. Dexus's Chief Executive and Executive Director continued his role as a member of the Property Male Champions of Change, an initiative to drive greater gender equality in the property industry and increase the number of women in leadership roles. We take an active role in property industry advocacy, with 35 Dexus team members represented across PCA committees, roundtables and working groups contributing to discussions on topics such as social and environmental sustainability, diversity, and future directions.

Our people have also given presentations and participated on panels focused on raising the benchmark for sustainable development and corporate action on sustainability, such as:

- Operational Excellence Conference 2018 (July 2018, Sydney)
- Flexible Working Summit 2018 (December 2018, Sydney)
- Green Building Council of Australia TRANSFORM (March 2019, Sydney)
- Property Council of Australia Victoria Diversity Forum (May 2019, Melbourne)
- Property Council of Australia Future Cities Summit (May 2019, Sydney)
- Australian Energy Storage Conference (June 2019, Sydney).

Our workspace insights hub, Prism at www.dexus.com continued to engage customers, providing insights on trending topics impacting Australian workplaces. Over the past year, we published 47 articles which were viewed over 29,000 times.





Thriving People

Creating value by inspiring, engaging and developing our people

EMPLOYEE ENGAGEMENT

PROFESSIONAL DEVELOPMENT

INCLUSION AND DIVERSITY

EMPLOYEE HEALTH AND WELLBEING

BUSINESS EXCELLENCE

Our people and capabilities are central to how Dexus creates value. We focus on building and sustaining an engaged, high-performing workforce that delivers on Dexus's strategy and embraces our values.

Our Thriving People objective reflects the efforts, capabilities, and enthusiasm of our people to deliver on Dexus's strategy. Our people act as brand custodians and support sustained performance. They are passionate, agile and engaged in the purpose and direction of Dexus. Our people tell us they are inspired and motivated to create spaces where people thrive.

We understand that diversity brings broad perspectives that lead to better decision-making, and enables us to access the widest pool of available talent. Our inclusion and diversity strategy focuses on attracting and retaining the diverse workforce required to succeed in today's ever-changing business environment.

We believe that investing in the development of our people and capabilities will create meaningful, fulfilling work for our teams and support the culture required for achieving sustained results. Our leaders set the tone from the top, by focusing on inclusive leadership that brings the best out of their teams.

Another factor contributing to enhanced performance is a safe and healthy work environment. Our employee health and wellbeing programs reflect the understanding that health is a state of physical, mental and social wellbeing.

Our people constantly challenge whether there are better ways of working and are encouraged to action their ideas to achieve business excellence. We reinforce and sustain best practices when it comes to managing risk and embedding a strong risk culture. We believe our strong risk culture is a strength at Dexus, leading to better decision making and fair and ethical outcomes for customers and stakeholders.

More information on our approach to delivering our Thriving People objective is provided in our [2019 Disclosures on Management Approach](#).



By investing in our people, who in turn invest their time, energy and passion into Dexus, we are creating a culture that delivers sustained value for our investors and other stakeholders.

539

Total Dexus employees
(FY18: 448)

+40

Employee Net Promoter Score

37%

Females in senior and executive management roles
(FY18: 34%)

27%

Available roles filled by internal applicants

Delivering FY19 Thriving People commitments

Commitment	Status	FY19 Achievements
Continue to build a constructive and diverse culture and progress towards our gender diversity target of 40F:40M:20(any) by FY21.	✓	Achieved an employee Net Promoter Score of +40, demonstrating a strong workplace culture that is well regarded by Dexus's people. Made progress against the gender diversity target, achieving 37% female representation across senior and executive management roles (FY18: 34%).
Build workforce capability to deliver our strategy today and in the future.	✓	Delivered a comprehensive leadership training program, equipping leaders with the skills required to manage high-performing teams.

Key

✓ achieved → progressed

Employee engagement

Our people are passionate, agile and engaged in the purpose and direction of Dexus. Our purpose, outlined on page 2, was an initiative incubated by our people. Consultations with our employees revealed a strong desire to articulate a purpose that reflected how we work and why people come to work at Dexus. Our purpose was developed by a cross-organisation working group through a series of employee workshops, senior management discussions and input from customer-facing teams on what would resonate for our customers.

Our people told us that they come to work to drive positive change, which is why the purpose defines our people as a **passionate and agile team who want to make a difference**. Moreover, our purpose states that our people come to work to **create spaces where people thrive**, recognising how our work can shape the lives of others in and around our properties. The concept of impacting others flows through to the statement that **we create value for our customers, investors, communities and our people**. This recognises that our business depends on strong relationships with these stakeholders and the reputation that we have for impacting them positively. Finally, our purpose confirms the values that underpin our culture, being **openness and trust, empowerment and integrity**.

Insights from our people

This year, we updated the way we track employee engagement and are now using an employee Net Promoter Score (NPS), which replaces the employee engagement score as our main engagement metric. The NPS scale ranges from -100 to +100, and our latest employee NPS was +40. We have set an FY20 commitment to maintain our employee NPS at or above +40.

To support the tracking of employee NPS, we are now undertaking at least two pulse surveys annually, instead of a large employee engagement survey once every two years. Each survey tracks employee engagement through a standard set of NPS questions, and contains additional questions designed to gather employee feedback on a range of topics. In FY19 we ran three pulse surveys, which focused on:

- Inclusion, diversity and flexibility
- Change management and ways of working
- Employee wellbeing and understanding of sustainability

FY20 commitments

- Maintain employee Net Promoter Score at or above +40
- Place internal candidates in more than 20% of available roles
- Progress toward 40:40:20 gender mix in senior and executive management roles by FY21 (40% female, 40% male, 20% any gender)
- Expand rollout of inclusive leadership training to all people managers
- Maintain parental leave return rate above 80%
- Maintain recognition as an Employer of Choice for Gender Equality

Other positive insights from our FY19 pulse surveys included:

- Our people feel a strong sense of ownership in the work they deliver (88%)
- Managers do a good job of communicating the reasoning behind important changes (84%)
- Our people feel included at Dexus (86%)
- We have a culture of openness and trust (83%)

Our pulse surveys also helped us understand areas for improvement, including our change management approach, communicating employee benefits and broadening the focus on culture in induction programs. These and other insights from our pulse surveys will remain a focus into the future.

Culture

We believe our culture is a strength at Dexus, leading to better decision making and fair and ethical outcomes for customers and stakeholders. Our employee surveys also tell us that most of our people feel that management creates an environment of openness and trust. We continue to work with our people and introduce systems to reinforce and sustain best practices when it comes to managing risk and embedding a strong risk culture.

Against the backdrop of the findings of the Australian Government’s Royal Commission into governance practices, we engaged an independent advisory firm specialising in risk culture to undertake a review of our risk culture and how that relates to decision making across Dexus. The review will identify future focus areas to further strengthen our culture.

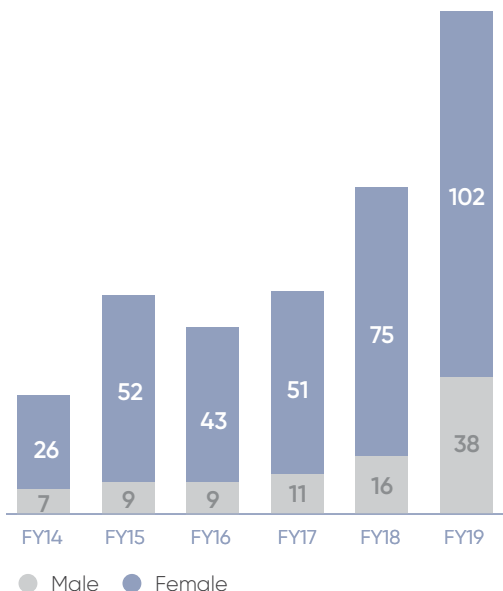
Flexibility

Dexus’s All People Flex policy empowers our people to work flexibly to achieve work-life balance. 82% (81% males and 83% females) of our employees participate in either formal or informal flexible working practices. Outside the All People Flex framework, Dexus also offers flexible working arrangements for employees who require more fixed working schedules. In FY19, 36% of employees indicated that they took advantage of a formal flexible working arrangement.

Professional development

We continue to believe that investments in our people and capabilities will create meaningful workplaces for our teams and enable the right culture and behaviours to deliver sustainable results. It also helps meet our employees’ expectations for growth by equipping them with the skills required to develop and advance their careers.

Formal flexible work arrangements



Investing in our current and future talent

We continue to focus on internal career planning, development and new opportunities for our people. Over the past year, we placed internal candidates in 27% of available roles. Over the course of FY19, we delivered several learning and development programs aimed at enhancing the business skills across our workforce:

- **Personal Presence** – focused on pitching and presentation skills, understanding behavioural signals, and delivering a personal value proposition to customers and key stakeholders
- **Successful Project Delivery** – focused on project management concepts, key project delivery tools and change management.

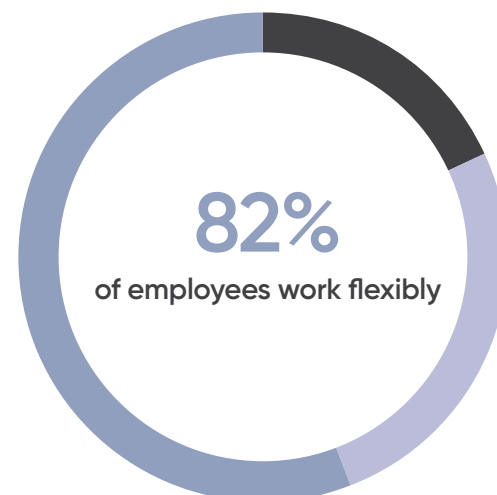
We also supported 37 employees to complete industry specific training held by the Property Council of Australia (PCA).

We recognise the value of mentoring and hands-on project work for upskilling our people. Over the past year our people served as sponsors, mentors, and mentees within the PCA’s Women in Property program, designed to champion women in the property industry and provide networking and development opportunities.

To help support continuous improvement, we launched the Business Excellence Champions program, which will equip selected employees across all levels with the skills required to drive efficiency, eliminate waste, and deliver sustained value for the group into the future (explained further on page 26).

The Dexus Graduate Program offers young professionals a range of tailored opportunities across our business and enables Dexus to tap into emerging talent and fresh perspectives. In FY19 we selected five new graduates out of a broad and talented pool of applicants to join Dexus’s 2019 Graduate Program.

Informal flexible working arrangements



- Work from home as required **56%**
- Flexible/non-standard working hours **26%**
- Do not use informal flexible working **18%**

Leadership and management development

Developing our leaders and people managers is crucial for setting the right tone from the top. Capable leaders and managers are able to set strategy, inspire their teams, and embed reliable performance management that supports sustained value creation.

During the year we delivered **Management Essentials** to people managers who were new to their role or new to Dexus. The program provides practical tools for day to day management practice that drives strategic direction and communicates clear expectations and outcomes. It encourages a flexible leadership style that can accelerate team effectiveness through change.

Our senior management and executive staff completed training programs appropriate to their roles. A select number of senior managers continued in the **Dexus Leadership Academy**, which focused on the role that culture, purpose and strategy plays in our organisation. The program is customised to focus on personal development areas identified through completion of a Leadership Styles Inventory (LSI). In FY20, upon completion of the Leadership Academy, participants will complete the LSI again to understand the impact of the training and potential value created for their teams and for Dexus.

Select senior management and executive team members completed training focused on leading change and supporting high performing teams. The **Leading Change** program was developed to reinforce the role of our leaders in guiding the organisation through change and to assist them to work through the complexity of change management. The Leading Change program is timely because of the increasing pace of change in our external environment, and the corresponding need for us to continuously enhance our ways of working.

Retention and succession

We know that our people are more likely to be motivated and apply their skills when we meet their expectations for growth and career opportunities. Securing opportunities for our people helps to meet these expectations and benefit the business by retaining employee knowledge and capability.

Over the past year, 27% of all available roles were filled by internal candidates. We have committed to maintaining this focus by targeting greater than 20% of available roles filled by internal applicants in FY20.

Our voluntary turnover rate was 14%, and we achieved our parental leave retention rate target with a return to work rate of 93% (target 80%).

Key retention metrics	FY18	FY19
Roles filled with internal candidates	32%	27%
Voluntary turnover rate	15%	14%
Parental leave retention rate	90%	93%

Comprehensive disclosure of employee metrics is provided in the [2019 Sustainability Data Supplement](#).



Building inclusive leadership

Dexus fosters inclusive leadership, underpinned by the understanding that diversity in backgrounds, abilities and skills can drive performance and enhance the quality of decision-making.

During the year, Dexus rolled out its Inclusive Leadership Program to members of its leadership team.

The program encouraged participants to consider the following questions when building their inclusive leadership brand:

- How can my leadership positively influence diversity and inclusion in my team and across Dexus?
- How can I maximise the potential of all my team members?
- How do I leverage diversity to drive business growth and build deep customer relationships?

To answer these questions, the program helped participants understand the link between inclusiveness, psychological safety, innovation and business growth.

It aimed to build the confidence and capabilities of Dexus's leaders to role model inclusive leadership values, processes and behaviours in team management and hiring decisions.

To help integrate the program into their day-to-day activities, participating leaders developed an inclusive leadership action plan and were provided with coaching to assist with execution.

Inclusion and Diversity

Our focus on inclusion and diversity is a critical component of our strategic objective of Thriving People. This year, we published a new, Board-approved, [Inclusion and Diversity Policy](#) that reinforces our commitment by specifying how we foster inclusion and diversity on the Dexus Board and throughout our organisation.

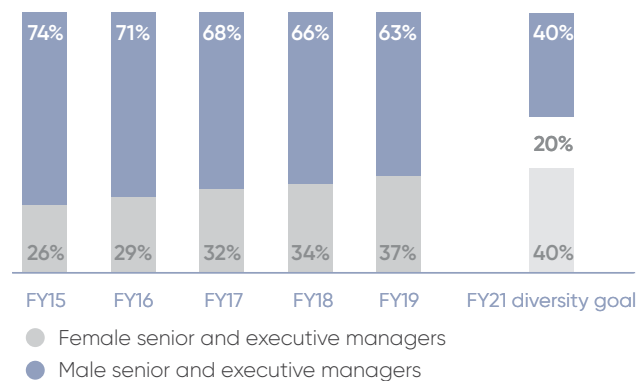
Gender diversity



Over the past year, we continued our focus on gender equality, earning an Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency for the second consecutive year.

We made progress towards our gender diversity target of 40% female representation in senior and executive management roles by 2021, with 37% female representation at these levels at 30 June 2019 (up from 34% at 30 June 2018).

More broadly, our people continued to participate in the PCA's Women in Property program described on page 22. We also participated in the Girls in Property initiative to raise awareness among high school students about career paths in the property industry and encourage greater female participation. We ensured equal representation of Dexus males and females across PCA committees.



We also participated in several initiatives over the year to show our support for gender equality and raise awareness of gender-based issues. In November 2018, we supported the **UN Women National Committee Australia** campaign (branded as UNiTE) to raise awareness of gender-based violence, with activations in the foyers of our offices across Australia. During **International Women's Day**, we asked our people to make pledges to work towards gender equality by building a safe, healthy and diverse workplace as part of the #balanceforbetter campaign.

Inclusion and diversity beyond gender

Over the past year we supported our broader diversity efforts by learning more about the demographic makeup of our people. We found that 22% of our people identify primarily with a culture other than Australian, and that 21% were born overseas. We remain focused on supporting the cultural inclusion of our workforce and other demographics that reflect our customers and communities.

In FY19 we addressed cultural inclusion through:

- Partnering with CareerTrackers to provide internship opportunities for Indigenous Australians
- Declaring our commitment to the Veterans Employment Commitment to support and progress Australian veterans returning to the workforce
- Celebrating National Aborigines and Islanders Day Observance Committee (NAIDOC) Week and incorporating Indigenous protocols at key events
- Celebrating Harmony Day at our corporate offices to recognise diversity and inclusion across our workforce

Our employee surveys found that the vast majority of our LGBTI+ employees feel included at work. Over the past year we sought to further our efforts by joining Pride in Diversity to access best practice expertise regarding LGBTI+ inclusion. We intend to benchmark our efforts in this space by making a submission to the Australian Workplace Equality Index in 2020.

Refer to our Sustainability Data Supplement for additional breakdowns of diversity across our workforce.

Employee health and wellbeing

Our FY19 Group Scorecard targeted health and safety as a priority through a commitment to maintain a safety culture across our business. Our goal is a 'no harm', safe work environment with zero fatalities, and in FY19 we recorded zero fatalities and no lost time injuries.

Throughout the year we continued to successfully implement our work health and safety system, which is certified under OHSAS 18001.

Led by our Work Health Safety and Environment Committee, Dexus achieved an average safety audit score of 98% across our corporate and management workspaces. We also continued our regular employee Safety Awards to recognise employees that demonstrate a commitment to safety.

Enhancing employee wellbeing

We have an opportunity to provide a workplace that enhances physical health and mental wellbeing for the benefit of our individual employees and Dexus more broadly. A healthy and flourishing workforce is more motivated and engaged, takes fewer days off work and is more capable of sustaining performance in the long term.

A cornerstone of our approach to employee health and wellbeing is Wellbeing Month, which was held in May 2019. During Wellbeing Month, we connect our people across Australia through our Wellbeing Communities with a range of offerings to enhance their mental, physical, social and financial wellbeing.

1. LGBTI+ stands for lesbian, gay, bisexual, transgender and intersex, with the '+' intended to encapsulate the total diversity of sexual orientations and gender identities.

Our approach to employee health and wellbeing extends beyond Wellbeing Month through the ongoing activities of our wellbeing communities: **Give**, **Grow** and **Thrive**.

Key activities of our Give wellbeing community in FY19 included:



- Hosting Biggest Morning Tea events in our offices across Australia, raising funds for Cancer Council
- Arranging monthly blood donations through Bloodbank
- Hosting a Dexus bake-off event to support an executive's fundraising efforts for OzHarvest's CEO Cookoff

Key activities of our Grow wellbeing community in FY19 included:



- First Aid Training made available to any employees, not just to appointed first aid officers
- Inviting all of our benefits partners and members of our People and Communities team to a Benefits Expo to communicate the benefits available to our people

Key activities of our Thrive wellbeing community in FY19 included:



- Organising a program of mindfulness sessions over eight weeks, covering topics such as high-performance habits, coping with stress, and emotional agility and longevity
- Delivering our annual whole-of-company conference which brought together over 430 employees to celebrate the year with their colleagues



Recognising our safety superstars

Dexus employee safety awards are presented monthly to employees who have acted as a shining example of Dexus's commitment to workplace health and safety.

One of the standout recipients in FY19 was Dexus Operations Manager, Dan McLindon.

Dan was recognised with a safety award for going beyond expectations to make sure that contractors are aware of Dexus's policy requirements. He has championed a collaborative approach, featuring training sessions and informational meetings with centre staff, supervisors and security.

When asked to provide advice and tips for the rest of the business, Dan emphasised the learning opportunities that come from a safety focus: "You can always learn something new, and in retail I have learnt that every day and every situation is different. We have to adapt and continually learn."

Other safety awards given during the year recognised employees who ensured a safe and positive visitor experience, as well as employees who lent a helping hand to those in need in their local communities.

Creating a workplace where our people thrive – Wellbeing Month

As part of a commitment to creating spaces where people thrive, Dexus designed a suite of benefits and programs focused on enhancing employee wellbeing. A highlight of Dexus's offering included Wellbeing Month, which featured a range of activities designed to enhance physical and mental health.

Wellbeing Month was held in May 2019 across Dexus offices around the country. Activities were organised by Dexus's Thrive, Grow and Give Communities and supported by weekly social events aimed at promoting a positive workplace culture.

The month attracted high participation rates in activities including:

- 201 flu vaccines
- 73 skin cancer checks
- 164 massages
- 38 posture checks
- 65 employees participating in mindfulness training
- 18 employees completing first aid training

Dexus's commitment to employee health and wellbeing extends beyond the activities of Wellbeing Month, with a variety of ongoing initiatives available including:

- a monthly Wellbeing subsidy to put towards wellbeing activities such as gym memberships, massages or hobbies
- Dexus Days – five additional days of annual leave intended to help balance work and life
- Onsite health and fitness classes – a range of boot camps, yoga and Pilates classes
- Discounted membership to gyms, nutritional programs and health consultations

Dexus understands the importance of supporting health and wellbeing for our people and how it translates to performance and will continue to invest in programs that bring out the best in our people.

Building business excellence

We ensure our people are supported by effective processes and systems so they can do their best work and are empowered to make continuous improvements to their day-to-day activities. Supported by our Business Excellence team, our people made many enhancements to our ways of working in FY19, including:

- Organising and standardising how business outcomes are achieved, clarifying expectations and roles via establishment of The Hive, a best practice repository containing over 600 standard operating procedures
- Increasing performance and quality through implementing over 30 improvements submitted to our ideas and innovation repository, The Funnel, delivering capacity savings estimated at 24 hours per week
- Supporting innovation and bringing ideas to reality through launching the Slingshot innovation forum, which defined an innovation toolkit and funded five ideas for concept development and trial
- Enhancing risk mitigation and controls by identifying 13 process champions and coaching them to map over 70 processes
- Better understanding customer pain points and prioritising improvement efforts by defining customer journey maps

A key focus of the Business Excellence team is ensuring that business problem solving and continuous improvement skills are disseminated throughout the business. In FY19, over 100 employees were trained in business improvement and project management. We also launched our Business Excellence Champions program which involves equipping select staff with a deeper understanding of business problem solving skills.



be business excellence

Dexus Business Excellence Champions program

In order for Dexus to stay ahead of the curve in today's fast-changing environment, its people need to continuously assess business operations and be empowered to implement enhancements that they identify.

Dexus designed the Business Excellence Champions program to equip select staff with the skills necessary to lead change across the business. A select number of employees are taking part in the first wave of the program, which will run through to October 2019.

The Dexus Business Excellence Champions program borrows from Lean Six Sigma principles and involves project teams tackling real-world challenges that the business is facing. Some of the challenges under consideration include optimising information access, improving forecasting processes, and enhancing internal data validation procedures.

The method underlying the program encourages teams to clearly define the business problem, understand customers' expectations and drive solutions to solve for root cause.

Dexus will have the new Dexus Business Excellence Champions embedded throughout the business by the end of 2019, helping to solidify a culture of constructive challenge and continuous improvement.



Future Enabled Customers and Strong Communities

Building constructive, enduring relationships with our customers, communities and suppliers to create value

CUSTOMER EXPERIENCE

COMMUNITY CONTRIBUTION

SUPPLY CHAIN MANAGEMENT

Dexus's capacity to create value depends on how well we support customer success, the strength of local communities and the capabilities of our suppliers.

Our Future Enabled Customers and Strong Communities objective recognises the importance of building mutually beneficial partnerships with our customers, communities and suppliers.

We understand the influence of high-performing workspaces on employee productivity and business success. We focus on maintaining high levels of customer satisfaction by listening to our customers and understanding their needs. We aim to meet these needs by providing advanced products and services that enable our customers to succeed today and into the future.

The relationships we build with local communities are critical, as these communities visit our properties and deliver the activity and vibrancy that makes them leading destinations. We support our retail centres to act as community hubs, providing the gathering space essential for community cohesion and wellbeing.

Our success would not be possible without the support of our many suppliers, including groups such as operational contractors, construction workers, and providers of office equipment. We partner with our suppliers to achieve operational efficiencies, enhance customer amenity and deliver strong sustainability performance. We prioritise worker health and safety and assist our suppliers to manage more complex risks in our supply chain.

More information on our approach to customer engagement and experience, community contribution, and supply chain management is provided in our [2019 Disclosures on Management Approach](#).



Our objective is to deliver the best customer experience in Australian real estate.

+46

Customer Net Promoter Score

(FY18: +32)

>4,700

customers

>\$1.2m

value of community contribution

>\$550m

spent with operational suppliers



Future Enabled Customers and Strong Communities

Delivering FY19 Future Enabled Customers commitments

Commitment	Status	FY19 Achievements
Expand our customer offering to include products and services that enable our customers to respond to the dynamically evolving workplace.	✓	Increased the availability of the Divvy parking solution and expanded the reach of Dexus building portals to over 53,000 users (FY18: >35,000).
Extend partnerships with 25 wellness providers within Wellplace, which customers of all sizes can access.	✓	Extended the Wellplace offering to include 28 wellness partnerships, providing our customers the opportunity to offer their employees valued health and wellbeing services.
Deploy more than 15 smart technologies within the 100 Mount Street, North Sydney development to deliver a better customer experience, optimise workforce productivity and wellbeing and improve the property's sustainability performance.	✓	Implemented 24 smart technologies at 100 Mount Street, North Sydney, with 14 operational at 30 June 2019 and the remainder to be operational in FY20.

Key

✓ achieved → progressed

Customer engagement and experience

We know that our customers are more likely to be satisfied when we listen to their concerns and address their needs. We design workspaces with customer productivity in mind, and offer a range of supporting products and services curated to lift the performance and wellbeing of our diverse customer base.

Office and industrial portfolios

We completed our annual customer survey in June 2019 to collect feedback and insights for enhancing the customer experience across our office and industrial portfolios. Our customer Net Promoter Score (NPS) increased to +46, and our overall satisfaction score remained above target at 8.6/10 (target 8.0/10). We were pleased to see that 50% of respondents said they were 'highly likely' to renew their lease (up from 43% in 2018 and 28% in 2013).

We are proud of the strong increase in our customer NPS, and have revised our target to maintain customer NPS at +40 or higher in FY20. Based on the survey results, this increase can be attributed to:

- Enhancing our partnerships with external property management service providers to provide consistency across customer touchpoints
- Reducing operational issues by improving Dexus Response Centre (DRC) and lease administration processes, and leveraging DRC data to drive better resolutions of issues and requests
- Executing action plans for each property management team based on feedback about what our customers need and when they need it.

FY20 commitments

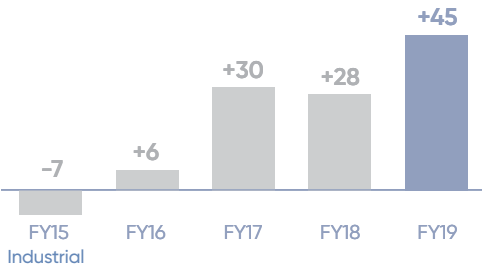
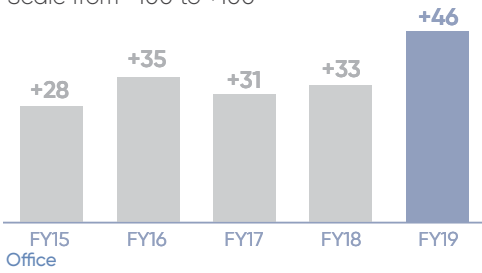
- Maintain a customer Net Promoter Score above +40
- Maintain a customer satisfaction score above 8 out of 10
- Implement a new workplace consulting offer to help our customers to leverage their premises for business success
- Strengthen customer communities through a program of activations within the foyers of our office properties



Future Enabled Customers and Strong Communities

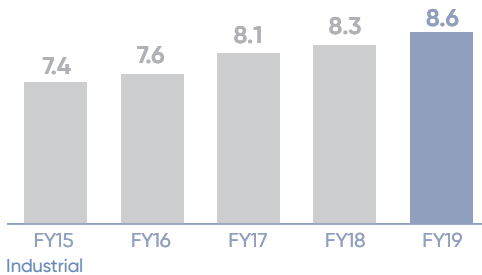
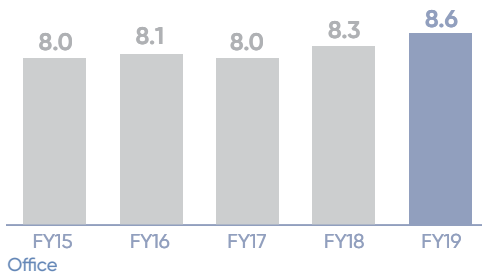
Net Promoter Score (NPS)

Scale from -100 to +100



Customer satisfaction

Scale from 1 to 10



Retail portfolio

In FY19 we completed a survey¹ of retailers across our retail portfolio for the first time. The results were generally positive, with an overall retailer NPS of +28 and a 79% satisfaction with centre management teams. Retailers told us that they are pleased with centre presentation and that their centres are nice environments for them to work in.

Some issues mentioned by retailers related to day-to-day operations as well as themes such as security. These issues are an ongoing focus for our business, such as our partnerships with local authorities and youth organisations designed to mitigate safety risks at our centres. Our retailers identified an opportunity for more centre-driven community events, which aligns well with our existing strategy to leverage our centres as forms of community contribution. For more information on our community contribution refer to page 31.

1. The survey was delivered across ten shopping centres: Beenleigh, Shepparton, QV, Galleria, Tweed, Smithfield, Deepwater, Willows, Plumpton, and Gateway. Carillon and Eagle Street Pier were not included because they were under development at the time of the survey.

Enhancing customer satisfaction through partner alignment

Over the past year we also enhanced how we collaborate with our portfolio-wide external service providers, CBRE (for facilities management) and Equiem (for concierge and customer experience). We understand that consistency in service delivery leads to stronger customer outcomes. To enhance consistency across our portfolio, we delivered training across Dexus, Equiem, and CBRE property management teams that focused on the Dexus customer promise and its application. Property teams were briefed on prior years' customer survey feedback and developed action plans for enhancing customer experience. We also delivered Dexus induction training for new starters at CBRE and Equiem who were assigned to our portfolio. The results of the FY19 customer survey indicate that service delivery has improved, evidenced by the increase of customer satisfaction with property management to 8.6/10 (up from 8.3/10 in FY18).



+28

**Portfolio Retailer
Net Promoter Score**

79%

**satisfaction with
retail centre
management
teams**



Future Enabled Customers and Strong Communities

The Dexus experience

This year we evolved the Dexus experience (refer to page 57, [2019 Annual Report](#)) our suite of customer benefits which includes access to a range of products and services designed to make our customers' work lives easier, healthier and more enjoyable. Our offering recognises the power of buildings to positively impact the lives of people, and that we have a role to play in helping people interact more authentically, collaborate more constructively, perform better and be more fulfilled. The Dexus experience is an important contributor to customer satisfaction, demonstrated by the annual customer survey feedback on how customers are using features such as end-of-trip facilities and enjoying offerings such as Wellplace.

Building on the momentum of customer satisfaction with our offering, we expanded the availability of popular services such as Divvy. We have also increased customer use of our building portals to over 53,000 users (>35,000 in FY18), which help to engage building communities and develop customer awareness of the Dexus experience.

In FY19 we extended our Wellplace offering to include 28 wellness partners. These partners provide our customers with easy and discounted access to fitness memberships, physiotherapy appointments, and nutritional programs.

Our customer experience offering helped earn Dexus 43rd position on the 2018 Australian Financial Review's Most Innovative Companies List. Other factors contributing to Dexus's innovation recognition include our customer-centric and research-led approach, incorporating feedback from customers, employees and the broader market.

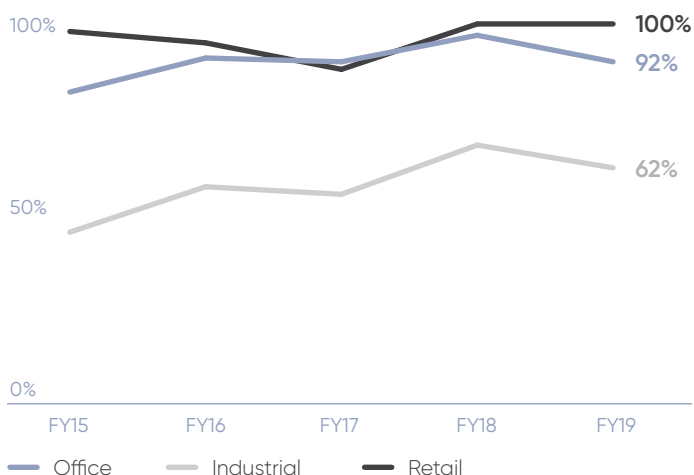
Engaging our customers on sustainability

We launched a new sustainability page on each of our building portals, aligning with both our customer promise and our Sustainability Approach objective of Enriched Environment. The sustainability pages encourage customer uptake of sustainability practices by highlighting initiatives to minimise waste and increasing awareness of customer sustainability objectives.

We work closely with customers to improve their sustainability awareness and performance. We have embedded 'green leasing' within our precedent lease and encourage customers to collaborate with us on integrating sustainability within their properties.

In FY19, 90% of new customer leases included a green lease clause.

Green lease take up across new leases



Launching our smart building blueprint

Technology is changing the way our customers work, and we continue to advance the infrastructure and services across our portfolio to meet their evolving needs. We aim to provide flexible, future-proofed workspaces that meet productivity needs and minimise hassle.

Over the past year, we launched our smart building blueprint at 100 Mount Street, North Sydney, where we have implemented a suite of technologies designed to deliver a better customer experience, optimise workforce productivity and wellbeing, and enhance the property's sustainability performance.

100 Mount includes over 20 smart technologies selected to optimise the customer experience, such as:

- Occupancy sensors to deliver operational efficiencies for cleaning, climate control, elevators, and meeting rooms, as well as enhancing security and safety
- Availability (on an opt-in basis) of touchless fingerprint readers, eliminating the need for individual access cards
- Enhanced visitor management through enabling mobile invitations and access cards that eliminate the need to check in with property concierge
- Network as a Service technology solutions that enable customers to opt-in to the specific technology requirements that they need for their business

The next evolution of our customer offering

Across our customer community, we provide products and services to satisfy a strong desire to improve their workforce engagement and productivity. To further entrench our unique customer offer, we have acquired the Australian operations of Six Ideas, a strategic workplace and change management consulting service.

Six Ideas by Dexus will utilise expertise to tackle complex problems arising from continual change around the way we work. Senior practitioners with international experience will work alongside our customers to create environments that support organisational and cultural innovation, while maximising the potential of change events.

This service complements our in-house Project Delivery Group which provides project management and capital works delivery for office fit-outs.

We are now able to provide an end-to-end service that will help our customers to leverage their premises for business success.

Future Enabled Customers and Strong Communities



Future Enabled Customers and Strong Communities

Delivering FY19 Strong Communities commitments

Commitment	Status	FY19 Achievements
Collaborate with a community partner to provide a holistic approach to creating healthy, enriched and productive customers and building communities	✓	Established a partnership with the Cancer Council to provide our building communities simple and easy access to resources, support services, research and volunteer opportunities that support customers' health and wellbeing.
Streamline our community fundraising approach, providing our customers the opportunity to input into the allocation of funds raised	✓	Offered customers the opportunity to choose a charity to receive funds raised across the office community. Charities are supported across key pillars of children's hospitals, health, animals, the homeless and the environment.

Key

✓ achieved → progressed



Big Change for Small Change

For the second consecutive year, Dexus has raised funds for children's hospitals around Australia, through a national community campaign hosted across its retail centres, this year raising \$51,000.

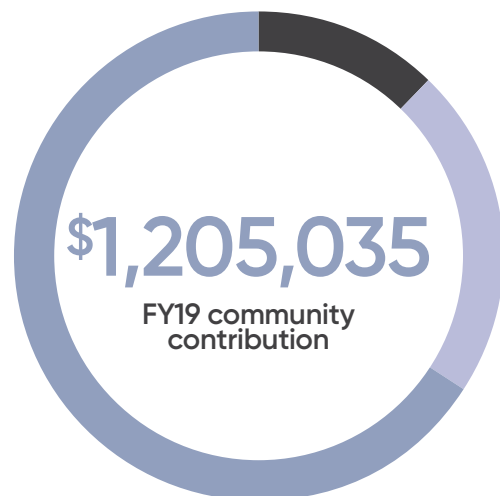
Throughout August 2018, ten Dexus shopping centres nationally hosted a one-day community event that collected a gold coin donation upon entry to the centre. All funds raised within the centres were donated to the local hospital in their trade area to support a range of paediatric service and children's health care initiatives, such as the revitalisation of a children's garden at Mount Druitt Hospital, New South Wales through to the purchase of new medical equipment for the children's ward at GV Health Hospital, Shepparton, Victoria.

FY20 commitments

- Support the communities in which we operate through contributions valued at more than \$1,000,000
- Expand industry partnership initiatives that actively promote Science, Technology, Engineering and Mathematics (STEM) to girls
- Identify a new community partnership aligned to the interests of our people and customers

Community contribution

We continue to support the communities in which we operate. In FY19 we contributed over \$1.2 million to the community through employee volunteering programs, in-kind support and corporate donations.



- In kind support **66%**
- Direct and indirect corporate donations **22%**
- Employee volunteering activities **12%**



Future Enabled Customers and Strong Communities

Leveraging our retail portfolio for social impact

Our enduring support for local causes helps Dexus build strong bonds with the communities where we operate. The importance of our relationships with local communities is especially strong across our retail portfolio, where the success of our retail centres is strongly linked with the prosperity and wellbeing of their local communities.

Over the course of FY19, our retail portfolio contributed over \$600,000 in the form of charitable donations, partnerships, sponsorships, volunteering and provision of space. Our landmark community donations program, Big Change for Small Change, raised over \$51,000 for children's hospitals through events across ten Dexus shopping centres.

Our retail centres also play a role in community cohesion and resilience, above and beyond providing vital services and acting as community hubs. In January 2019, Willows Shopping Centre in Townsville stepped in to support the Townsville flood recovery effort.

Evolving our approach for social impact through our retail centres

Based on learnings from portfolio-wide initiatives such as Big Change for Small Change, we are implementing a new approach to community contribution at our retail centres. From FY20, our retail centre teams will align their community contribution efforts with local partnerships that satisfy a critical need for their local customer base.

Centre teams have enthusiastically initiated their local campaigns for the year to come, all aligned under the collective banner of Don't Go Without, which encourages our teams to ask:

- Which groups within our respective communities are most in need?
- Where can we make a visible difference?

Examples of campaigns to feature this coming year include:

- Targeting homelessness at our Melbourne city retail centres, through charity partner 300 Blankets
- Targeting domestic violence at Willows Shopping Centre in Townsville, through charity partner The Women's Centre
- Helping women returning to work at Carillon City in Perth, through charity partner Dress for Success
- Targeting food insecurity at Deepwater Plaza on Sydney's Central Coast, through charity partner Mary Mac's Place
- Targeting youth mental health at Smithfield Shopping Centre, through charity partner Smithfield State High School.

We look forward to reporting on how this locally-driven approach will inspire our people and our retailers to come together and deliver positive social impact through our retail centres across Australia.



Willows steps in to help Townsville flood recovery

Willows Shopping Centre (Willows) was pivotal in the flood recovery operation in Townsville, bolstering community resilience and strengthening engagement with retailers and customers at the retail centre.

In late January 2019, a one in 500 hundred-year monsoon caused catastrophic flooding in Townsville, resulting in the city remaining at a stand still for a two-week period.

Located in the heart of Townsville, Willows continued to trade throughout the period on all days except one, maintaining continuity of access to services and products required by the community during this difficult time.

Retailer engagement was paramount throughout the flooding and recovery, with the Centre Management team engaging in twice-daily direct conversations with major tenants and providing updates to retailers and other key stakeholders every few hours. Willows digital channels provided customers with vital information on available food stocks and retailer opening hours.

In conjunction with Townsville City Council and Townsville Enterprise, Willows pledged \$10,000 worth of centre gift cards to GIVIT's Queensland Flood Appeal.

Dexus-managed retail centres serve as important hubs in their communities. The contribution of Willows to the flood recovery effort demonstrated how the centre and its management can support community resilience.

Reward Your Local School

Throughout May 2019, Beenleigh Marketplace, Queensland ran a community campaign designed to support local schools.

Shoppers were invited to shop and support the local school of their choice, and the school with the most votes received the highest cash grant.

The six participating schools all received a share in the \$6,000 worth of cash grants. Schools used the donations to purchase resources including books, digital assets and sporting equipment.

Rewarding local schools is a great way for Dexus's locally-managed shopping centres to build stronger community connections.



Future Enabled Customers and Strong Communities

Delivering community impact across Dexus operations

During the year we extended our impact by supporting charities and community groups through volunteering, monetary donations, and providing Dexus spaces for activations. Our strategy for community contribution encourages us to support the issues that matter most to our local communities, including:

- Supporting children's health through a major partnership with Sydney Children's Hospital, where we support training and fellowship programs in addition to regular fundraising drives such as our Christmas auction
- Combating cancer through a \$200,000 agreement with the Cancer Council allowing them the use of our assets and through the celebration of Cancer Council fundraising efforts at our offices (Daffodil Day, Australia's Biggest Morning Tea)
- Raising awareness of homelessness through the Property Industry Foundation's StreetSLEEP campaign, where we hosted a cohort of volunteers who raised funds by sleeping rough at 130 Harris Street
- Eliminating hunger through employee food donations to Foodbank during Wellbeing Month, and through customer food donations in Brisbane for the "12 Days of Christmas Foodbank Can Drive"
- Fighting food waste through the provision of OzHarvest juice machines in our properties, offering freshly made orange juice from oranges that would have otherwise been discarded
- Rehousing rescued pets through RSPCA, who visited the lobbies of our office properties with pets ready to find their new forever homes.

In August 2018 we celebrated our annual **Dexus Diamond Week**, with employees across the country lending a hand to sell raffle tickets for our main charity, the Sydney Children's Hospital Foundation, or spending time supporting community groups and charities of their choice.

Over 50 of our employees volunteered to sell raffle tickets in our office lobbies, raising thousands for the Sydney Children's Hospital Foundation. Funds raised went towards the Foundation's Fellowship Program which is crucial to the development and success of children's medical care.

Furthermore, select staff who had worked on whole-of-company initiatives such as Program One and our Wellbeing Communities were rewarded with tickets to the Sydney Children's Hospital Foundation premier fundraising Diamond Event. Dexus was a major partner of the event, contributing to the \$750,000 total funds raised on the evening.

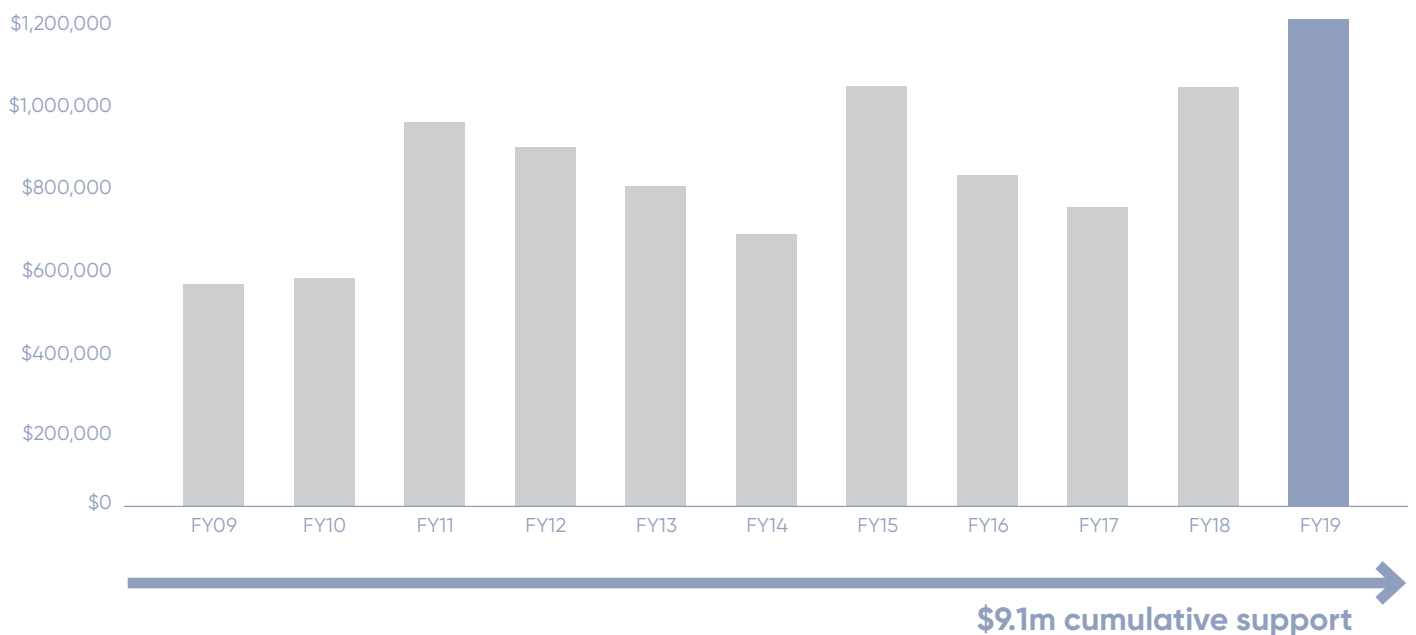
Employee volunteering

Each year we enable our people to support local communities and causes through the provision of one day's paid volunteering leave.

In FY19 our people volunteered a total of 1,711 hours using Dexus volunteering leave to support causes of their choosing. A standout event was a Landcare activity where our people worked with the Friends of Lane Cove National Park to hand weed, plant, and mulch the Tunk's Hill area of the park.

Community investment statistics

Dexus community contribution since FY09





Future Enabled Customers and Strong Communities

Leveraging our portfolio for STEM education

An industry partnership initiative that actively promoted Science, Technology, Engineering and Mathematics (STEM) to girls through experiencing a live build at Dexus's 100 Mount Street, North Sydney (100 Mount) has encouraged girls to consider a career in property.

STEM industries are vital to Australia's economic growth however women are significantly under-represented in STEM education, comprising just 16% of those with STEM qualifications.

STEM+ is a partnership initiative of Dexus, 100 Mount's builder Laing O'Rourke, and project delivery partners Rider Levett Bucknall and Savills. The program immersed students from the local girls' secondary school, Monte Sant' Angelo Mercy College into the construction and engineering industry.

The program's modules aligned with the construction of 100 Mount, a premium office tower that was completed in May 2019. The modules included content such as innovative technologies and sustainability in construction, involving onsite participation and engagement throughout the year via Google Classroom.

More than 60 girls across years 8 to 12 participated in the two-year program, involving direct interactions with the industry partners. Students were provided key insights into STEM careers that were not typical science-based careers including digital engineering, construction, research and development, law, quantity surveying, commerce, property management, human resources and marketing.

As a result of the program, there were fundamental changes to the students' school subject selections and university pathways, with 25% of 2018 graduates pursuing science related careers. STEM+ demonstrates Dexus's commitment to leverage its development projects for social impact, with students realising a pathway into an industry that they never thought was possible.

STEM+ students have been offered work experience places with Dexus and Laing O'Rourke. They have the opportunity to continue to participate in the program throughout their tertiary studies and a graduate position will also be offered.

"This program has had a palpable, culture shift with regards to women in the construction and property industry – when they could see it, they could be it."

*Nicole Christensen,
Principal of Monte Sant' Angelo Mercy*



This program has had a palpable, culture shift with regards to women in the construction and property industry – when they could see it, they could be it.



Future Enabled Customers and Strong Communities

Supply chain management

Delivering FY19 Supply Chain commitments

Commitment	Status	FY19 Achievements
Collaborate on an industry-wide approach to assessing supply chain sustainability, and conduct due diligence in alignment with modern slavery reporting requirements	→	Developed a supply chain due diligence tool to enhance the identification and assessment of modern slavery risks in partnership with 14 members of the Property Council of Australia, (PCA).

Key

✓ achieved → progressed

Our capacity to create value depends on strong working relationships with capable suppliers of products and services. Our supply chain also extends our economic impact, through our procurement spend and associated job creation. Over the course of FY19, we spent over \$550 million on operational procurement, with the largest non-statutory expenditures associated with cleaning, energy and capital works at our properties. Refer to the [2019 Sustainability Data Supplement](#) for a further breakdown of our spend by supplier category.

Procurement overview

We aspire to maintain an efficient procurement process operating under sound governance that achieves the best value for money and delivers on our financial and sustainability objectives. In FY19 we reviewed our security service providers across our office and industrial portfolios. Through a new tender process, we engaged a single service provider with a view to achieve a consistent service across the country focused on delivery of customer satisfaction and strong technical capability. Other highlights included focusing on customer safety by partnering with a fire services training company to deliver fire warden training to customers across our office and industrial properties.

Managing energy costs and emissions

Energy procurement is a priority because of our objectives to manage energy costs and achieve our group target of net zero emissions by 2030. We continued our progressive electricity purchasing structure for NSW, ACT and Victorian properties, to provide flexibility in timing of electricity purchases and access favourable market pricing. The progressive purchasing structure enables us to capitalise on opportunities to add value through active management of costs that are essential to portfolio function.

During the year we also secured a unique supply-linked off-site renewable Energy Supply Agreement (ESA) that provides Dexus with electricity at attractive rates, delivers long-term supply security, and reduces exposure to price volatility especially for our NSW properties. For more information on the ESA refer to page 40.

FY20 commitments

- Implement the PCA's modern slavery due diligence tool and target engagement on modern slavery with at least 100 suppliers



Supplier engagement

We engage with our suppliers to track performance and encourage best practice approaches to employment practices, social outcomes and environmental objectives. Throughout FY19 we continued to engage with suppliers via regular meetings and reporting and conducted over 1,100 inspections or spot checks to review service delivery, monitor performance against contract deliverables and key performance indicators.

Procurement and supply chain monitoring	FY16	FY17	FY18	FY19
Critical suppliers ¹	131	113	111	96
Critical suppliers % of operational spend (%)	37	42	45	38
Supplier Net Promoter Score	-	-	+67	+66
Supplier assessment and monitoring				
Supplier engagement assessment response rate (%)	-	38	35	68
Assessment coverage of operational spend (%)	19	14	26	38
Contractor monitoring spot checks conducted	44	919	1,190	1,163
Contractor monitoring coverage of operational spend (%)	13	36	39	41

1. Dexus defines a critical supplier as one whose services are required daily for the normal operation of a property. Critical suppliers are retained on a centralised Preferred Supplier List.

During the year we engaged our key suppliers with a sustainability self-assessment that asked for feedback on their relationship with Dexus as well as information on their approach to modern slavery, such as:

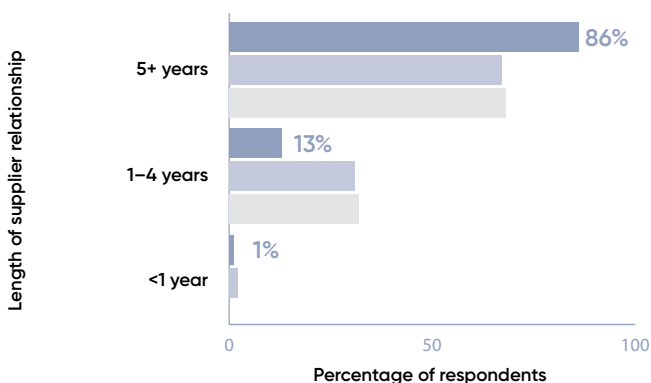
- Whether they are obligated to report on modern slavery under the *Modern Slavery Act 2018*
- Whether they maintain policies and procedures to uphold human rights
- How well they understand their supply chain
- Their exposure to known risk areas such as the use of migrant or casual workers and the sourcing of materials from countries with poor human rights records

Our relationship with suppliers

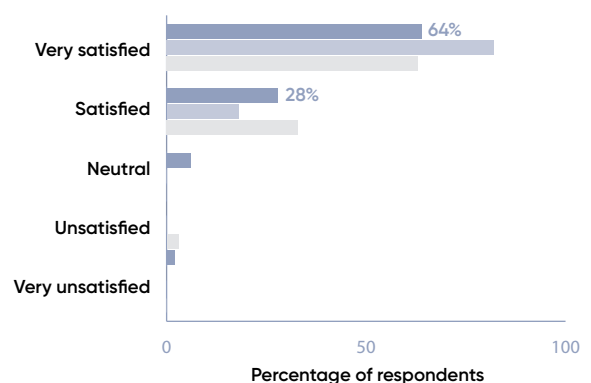
We seek to form close, long-lasting relationships with suppliers who have proven track records to drive efficiency and consistency across our portfolio. Our supplier assessment revealed that 86% of respondents have been suppliers to Dexus for more than five years. These long-term relationships help align our business interests and present a greater opportunity for us to embed our Sustainability Approach with suppliers.

Supplier satisfaction with Dexus remains high, with 92% of respondents indicating they are 'satisfied' or 'very satisfied' with their relationship with us. Our suppliers told us they enjoy good working relationships with Dexus personnel defined by strong communication and continuous dialogue. They mentioned that Dexus approaches business in a more efficient and trustworthy way compared with peers. Areas of improvement mentioned by our suppliers include the cost and time associated with payment arrangements as well as ensuring continuity of relationships at times when we initiate changes to the way we operate.

Length of supplier relationship



Supplier satisfaction rating of our relationship



● 2019 survey ● 2018 survey ● 2017 survey

● 2019 survey ● 2018 survey ● 2017 survey



Future Enabled Customers and Strong Communities

Readiness for the Australian Modern Slavery Act

During the year, the Australian Government passed the *Modern Slavery Act 2018* (the Act), which subsequently came into effect on 1 January 2019. Together with other businesses generating over \$100 million in revenue, Dexus will be required to publish a modern slavery statement to disclose

- modern slavery risks present in our operations and supply chain,
- actions undertaken to address these risks, and
- how we are assessing the effectiveness of our actions.

Our first modern slavery statement prepared under the Act is required to be published after the close of FY20, and no later than December 2020.

For several years, we have worked to understand the risk of human rights impacts, including modern slavery, in our supply chain. In FY19 we updated our Human Rights Policy to confirm our intent to uphold internationally-recognised human rights in our operations and our supply chain, and to provide further information on how we implement our approach. We also became a signatory to the United Nations Global Compact to further signal our commitment to responsible business practices (for more information on our commitment to the UN Global Compact, see page 11).

Understanding modern slavery risk across our supply chain

In our 2019 supplier sustainability self-assessment, we asked our suppliers to provide information on their understanding of modern slavery and their approach to addressing modern slavery risk in their operations and their supply chains.

Almost three-quarters of respondents (73%) have at least a general understanding of modern slavery risk in their supply chain, with one-quarter of respondents having completed an internal or third-party risk assessment. Over one-quarter of respondents (29%) are obligated under either Australian or New South Wales legislation to provide their own public reporting on modern slavery.

Nearly half of respondents (48%) had commenced mapping their supply chain, and generally considered that modern slavery was more likely to occur in international supply chains rather than in Australian supply chains or in their own operations. We identified through the assessment that pockets of our supply chain have a high dependence on types of labour with elevated risk factors for modern slavery. For example, 22% of respondents indicated that at least half of their workforce consisted of contract workers.

The assessment also asked for information on our suppliers' 'country of origin' and identified a minor number of suppliers that have disclosed that they operate in, or that procure products and services, from countries with poor human rights policies or track record.

Collaborating with our suppliers on modern slavery

Our supplier sustainability self-assessment is one of several ways in which we are working with our suppliers to address modern slavery risk. During the year, our internal modern slavery working group (introduced on page 11) reviewed our approach to addressing human rights risk in our supply chain and maintained workstreams focused on engaging with operational, development and corporate suppliers.

Our focus on operational and development suppliers has involved reviewing contractual documentation and returnable schedules to ensure our commitment to addressing modern slavery is clearly articulated. We reviewed supplier evaluation criteria and our approach to monitoring suppliers during our engagement with them.

Our focus with corporate suppliers has been to enhance our mapping of our corporate supply chain to identify potential areas of elevated risk. Several of our largest corporate suppliers are either obligated to report under the Act or have been reporting on modern slavery for several years under similar legislation in other countries where they operate. We have met with these corporate suppliers to understand the modern slavery issues they have identified in their supply chains and build collaborations to support our reporting obligations.

The [2019 Disclosures on Management Approach](#) contain further detail on our approach to supply chain management, including our approach to assessing human rights and modern slavery risk.

Enhancing due diligence with an industry approach

Since early 2018, Dexus has been one of 15 members of the PCA who have been working together on a common modern slavery due diligence questionnaire for our suppliers. A common approach will reduce the reporting burden on our suppliers and reduce compliance costs for Dexus and other pilot organisations.

During the year, we continued to work with our peers to refine the due diligence questionnaire and prepare for implementation. The questionnaire is expected to be implemented in early FY20, and we will request our suppliers to use the questionnaire to provide us with information on their labour management practices. Other focus areas in FY20 include providing training to our employees about modern slavery as well as enhancing our communications within our properties to provide awareness for potentially impacted individuals to raise concerns through a whistleblowing hotline and contact.



Enriched Environment

An efficient and resilient portfolio that minimises our environmental footprint and mitigates environmental risk.

ENERGY AND EMISSIONS

WATER AND WASTE MANAGEMENT

BUILDING CERTIFICATIONS

BIODIVERSITY

CLIMATE RESILIENCE

Dexus's capacity to create value depends on efficient use of natural capital and resilience to environmental risks.

In a changing climate, developing and managing resilient properties means understanding how to reduce their impact on the natural environment and leave a positive legacy. Buildings account for nearly one-quarter of Australia's greenhouse gas emissions, which provides both a challenge and an opportunity for us to lower our carbon footprint and reduce operating costs through energy efficiency. We also actively manage water and waste through building optimisation, and customer engagement and awareness programs.

We recognise the risks and opportunities that climate change presents for our business. Dexus is acting to better understand, prepare for, and respond to acute physical risks such as damage from extreme weather, and chronic risks such as heat stress that adversely impact property function and occupant wellbeing. We seek to maximise the wellbeing of customers and occupants and sustain the reliable operation of our properties by factoring climate resilience into property management and decision making.

We have committed to achieve net zero emissions by 2030, an ambition that has been verified as consistent with the effort required to limit global temperature increases to below 1.5°C. Ongoing emissions reduction activities help futureproof our operations from risks associated with future carbon pricing, and demonstrate that emissions reductions need not come at the expense of business success.

More information on our approach to managing environmental issues, including resource efficiency and climate change, is provided in our [2019 Disclosures on Management Approach](#).



Our net zero emissions target is aligned with the global ambitions of the UN Paris Agreement.

950,351sqm

of office space rated 5 star NABERS Energy or above

12.4%

Reduction in like-for-like emissions since FY15

10.9%

Reduction in like-for-like energy consumption since FY15



Delivering FY19 Enriched Environment commitments

Commitment	Status	FY19 achievements
Deliver 1,000,000sqm of office property to a minimum 5 star NABERS Energy rating and 4 star NABERS Water rating by 2020	→	Delivered 950,351 square metres of office space to a minimum 5 star NABERS Energy rating and 757,423 square metres of office space to a minimum 4 star NABERS Water rating.
Reduce energy consumption and emissions across the group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables	✓	Achieved 10.9% reduction in energy consumption and 12.4% reduction in Scope 1 and Scope 2 greenhouse gas emissions against FY15 like-for-like baseline. Secured an Energy Supply Agreement to source renewable energy to support the base building services of 40 properties across our NSW portfolio.
Consistently demonstrate a resource recovery rate of 80% from de-fitting vacant space by 2020, actively identifying charities and markets for re-use and increasing waste diversion from landfill	→	Recorded an average resource recovery rate of 61% across 31 de-fit projects in FY19, with 19 of these projects achieving a resource recovery rate of over 80%.

Key

✓ achieved → progressed

45.6%

reduction in group
office emissions
intensity since FY08

22.0%

reduction in group
office water intensity
since FY08

>\$136m

saved through
enhanced portfolio
energy efficiency
since FY08

FY20 commitments

- Deliver 1,000,000 square metres to a minimum 5 star NABERS Energy rating and 4 star NABERS Water rating across the group's office portfolio by 2020
- Establish new 2025 energy and emissions reduction targets as part of our pathway to net zero emissions by 2030
- Consistently demonstrate a resource recovery rate of 80% across de-fit projects by 2020, contributing to the diversion of waste from landfill



Energy and emissions

Ramping up renewable energy

It's been an active year since we announced our 2030 net zero emissions goal across the group's managed portfolio. Electricity is our main source of emissions, and we intend to reach our goal through improving energy efficiency and increasing the uptake of on-site and off-site renewables. By 2030, if not earlier, Dexus intends to source 100% of its electricity needs from on-site and off-site renewable energy sources.

As a major first step, this year we secured a seven-year renewable Energy Supply Agreement (ESA) to power the base building services for over 40 properties across our managed New South Wales property portfolio.

This arrangement is one of the first supply-linked deals for an Australian property landlord and satisfies the demand from both customers and investors for more environmentally responsible energy.

From January 2020, 50% of the electricity under the ESA will be sourced from a portfolio of wind and solar renewable energy projects, and the agreement includes flexibility to increase the renewable portion to 100% over the term to meet our 2030 goal. The ESA provides Dexus with electricity at attractive rates, provides long-term supply security, reduces exposure to price volatility, and provides an effective price-hedge against future cost increases.

Across the Dexus retail and industrial portfolios there is significant opportunity to install solar Photovoltaics (PV) to generate electricity on-site to unlock additional financial value and accommodate increasing demands from customers for renewable energy.

We continued momentum on increasing on-site generation of renewable energy using solar PV systems, installing an additional 1 MW of solar generation capacity across the portfolio through FY19, with a further 1.89 MW under contract or in progress.

The solar capacity installed to date and investigations focused on our industrial portfolio from part of a broader groupwide onsite solar renewables program. During FY19 we conducted an Expression of Interest (EOI) campaign to engage with solar providers to explore their current capabilities and various financial models on offer to identify pathways that achieve best outcomes across key areas of property income, asset valuation, market risk, customer satisfaction, site feasibility/suitability, program management and environmental impacts.

Following on from the EOI process, in FY20 we will partner with preferred solar providers and embark on a programmatic rollout of solar PV across existing and new industrial properties. This will involve progressively reviewing rooftop structural integrity, network connection availability and customer appetite for cost-effective electricity, in preparation for installation at feasible properties.



Solar benefits Dexus and its office customers

100 Harris Street in Pyrmont has had an interesting history dating back to the late 1890s when it served as one of Sydney's original woolsheds.

The heritage building was redeveloped into high quality office space in 2017 and following Dexus's acquisition of the property, the building has been taken to the next level through the installation of 606 rooftop solar PV panels.

When Dexus acquired the heritage building, it identified that the property was well suited for solar panels due to its distinctive sawtooth roof which was a typical design of manufacturing properties of its time.

The solar PV panels have the capacity to generate up to 250,000 kilowatt hours of energy per year which contributes to powering the base building services. The investment has a payback period of around five years and will contribute to increasing the property's NABERS Energy rating.

This solar PV system at 100 Harris Street also contributes to Dexus's target of net zero emissions across its managed portfolio by 2030, with Dexus progressing plans to rollout additional onsite renewable projects across its property portfolio.



Setting a certified science-based target

In FY19 Dexus enhanced its net zero emissions ambition by certifying its emissions reduction target with the Science Based Targets initiative (SBTi).

The Science Based Target Initiative is a joint initiative by CDP, the United Nations Global Compact, the World Resources Institute and WWF, which aims to help businesses pursue bolder solutions to address climate change.

Targets adopted by companies to reduce greenhouse gas emissions are considered science-based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

The SBTi has certified that Dexus's scope 1 and 2 target is aligned with a 1.5°C trajectory, which represents their highest level of ambition. Looking beyond our own emissions, the target also commits us to reducing absolute scope 3 emissions by 25% by 2030 (FY18 baseline), to be achieved through engagement with customers about improving energy efficiency and reducing emissions within their occupied space.

Further, in December 2018 Dexus pledged to support the World Green Building Council's Net Zero Carbon Buildings Commitment and become a member of The Climate Group's EP100 campaign which recognises the importance of building energy efficiency in improving energy productivity. Our pathway to deliver these outcomes includes initiatives such as Dexus's ESA, onsite solar renewable program and continued investment in energy efficiency. Over the last 12 years we have doubled both energy and emissions productivity, achieving 2.12 times the economic output per energy consumed and 2.20 times the economic output per direct carbon emissions in FY19 when compared with FY08.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Supporting a carbon neutral Dexus workspace

As a signatory to Australia's carbon neutral program, Dexus offsets greenhouse gas emissions associated with management activities conducted offsite to facilitate day to day property operation including leasing, property management, property finance, investor relations, legal, governance and sustainability functions.

Dexus has committed to offsetting the carbon emissions from its corporate operations, and in FY19 retired certified offsets equivalent to 3,725 tonnes CO₂-e to achieve carbon neutrality. Employees helped select local and international community projects that Dexus would support to offset its emissions. These included:

WA Yarra Yarra Biodiversity: The Yarra Yarra Biodiversity Corridor is located 400km north of Perth and features diverse ancient landscapes. Over 90% of the region had been cleared for agriculture, and this program aims to reconnect the remnant vegetation sites and link 12 nature reserves across a vast tract of land. Trees and shrubs are planted to help establish habitat to protect and recover endangered and declining woodland and fauna.

Rimba Raya Biodiversity Reserve: Rimba Raya is the largest project in the world focused on reducing emissions from deforestation and forest degradation (the UN-REDD+ program). This project is in place to preserve more than 91,000 hectares of tropical peat swampland in Borneo. The area is rich with flora and fauna, including the endangered Bornean orangutan. Rimba Raya also develops programs in surrounding villages to improve the lives of the locals, supporting their education, employment and a positive future.

Improved Kitchen Regimes: The Improved Kitchen Regimes project is a global initiative involving the distribution of improved cook stoves and safe water technologies into communities. In addition to reducing deforestation through less wood use for cooking, the stoves reduce incidences of illness related to indoor air pollution, smoke inhalation and consumption of unsafe drinking water. The project also creates employment opportunities for indigenous communities.



Progress toward energy targets

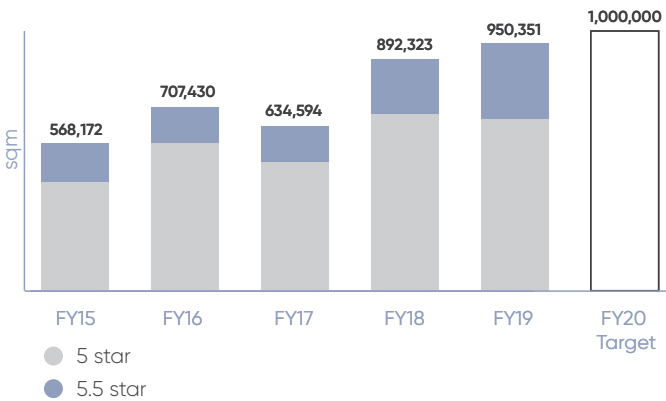
Since FY15, we have been working toward a 10% reduction in both energy consumption and greenhouse gas emissions across our like-for-like managed portfolio by FY20. We are pleased to have met this target one year earlier than anticipated, having achieved a 10.9% reduction in energy consumption and a 12.4% reduction in scope 1 and 2 emissions by the end of FY19.

We continued to progress toward our FY20 target of 1,000,000 square metres of office space rated to 5 star NABERS Energy or higher, achieving 950,351sqm of office space at or above 5 star at the end of FY19. Examples of initiatives contributing to the enhanced energy efficiency of our portfolio include:

- Building management system upgrades
- Expanded use of virtual metering and fault detection platforms
- Plant and equipment optimisation works, including chiller upgrades, to improve operational efficiency
- Lighting retrofits to utilise LED technology

In FY20 we will set new interim targets for 2025 that will contribute to our overarching ambition of net zero emissions by 2030.

Progress towards 1,000,000 square metres at 5 star NABERS Energy by 2020



360 Collins Street, Melbourne improves its resource efficiency

Dexus manages 360 Collins Street in Melbourne on behalf of owner, Dexus Wholesale Property Fund (DWPF). Over the past two years, Dexus has significantly improved the building's energy efficiency and NABERS Energy rating. To drive resource efficiency, Dexus identified and implemented early detection of faults through data analytics, building management system (BMS) tuning, and infrastructure upgrades in the common areas such as LED lighting. The property's energy intensity improved by 43% over two years, with overall energy use reducing despite an increase in occupancy. The strong performance contributed to its 4.5 star NABERS Energy rating in FY19, up from 3 stars in FY17.

Building management upgrades enhance 101 George Street, Parramatta

Building management systems (BMS) monitor and control the large energy consuming equipment within a building, such as HVAC (heating, ventilation, air conditioning), lighting, and fire and security systems. Sub-optimal building management systems can result in inefficient operations, impacting a property's energy and water performance.

Dexus invested in a BMS upgrade at 101 George Street in Parramatta to rectify programming that was causing excessive energy use and reactive maintenance work. Across the three months following the upgrade, electricity consumption reduced by on average 30% and water consumption reduced 14%. The works helped sustain the property's strong 5.5 star NABERS Energy rating, and lifted its NABERS Water rating from 3.5 star to 4 star. Dexus continues to maintain ongoing systems tuning and BMS maintenance as an important component of its approach to resource efficiency.





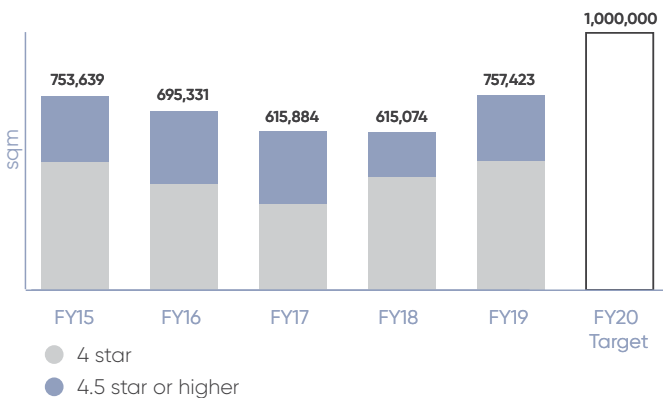
Water and waste management

Making progress on water efficiency

In FY19 we increased the net lettable area of properties across our managed portfolio rated 4 star NABERS Water or higher to 757,423 square metres, reversing a trend that had been declining in previous years. This improved position reflects concerted efforts across a range of Initiatives including targeted water audits that identified key opportunities for improvement, such as chiller, toilet flush and tap aeration efficiencies that have been implemented. Enhancements were introduced to improve fault and leak detection analytics at connected properties, leveraging additional water submetering and enhanced alerts, that enabled site teams to respond to issues more quickly.

We are mindful of the challenge to achieve our 4 star NABERS Water target of 1,000,000 square metres by the end of FY20. Progress toward the target has been counterbalanced by adverse impacts on water efficiency from hot weather, extended operating hours, increased occupant density and installation of new end-of-trip facilities. We are pleased with the additional 140,000 square metres of properties that have achieved our 4 star NABERS Water goal over the last 12 months. We will continue to drive water efficiency measures in collaboration with customers into FY20 and beyond via upgrading bathroom fixtures and fittings, deploying meters, and improving fault detection to resolve water leaks, and optimising cooling tower water efficiency.

Progress towards 1,000,000 square metres at 4 star NABERS Water by 2020



Adding value through customer engagement

With most of Australia's eastern states in drought, we have a responsibility and an opportunity to make a difference in our workplaces. We are engaging with our customers to promote ways to assist Dexs through their consumption habits to save water.

Over the past year we have rolled out a customer engagement program to promote water conservation techniques to customers in our properties. In bathrooms and end-of-trip facilities across our office portfolio, we installed water plaques at sinks, toilets and showers to educate customers on opportunities to conserve water through reporting leaks, using half flush where possible, and minimising wastage.



Reducing water use at Australia Square

A collaborative focus on water efficiency across property stakeholders at Australia Square in Sydney has resulted in an improvement in the property's NABERS Water rating, despite a recent expansion to the end-of-trip facilities. As manager of the property, Dexs set out to improve water efficiency through engaging the facility manager, service contractors and customers in the tower to focus on water wastage.

Key initiatives included:

- Conducting monthly building performance meetings to review current water usage consumption and trends, and put forward ideas for improvement
- Installing additional submetering that allowed for adjustments to toilet flush valves, resulting in 3-4 litres saved per pan per flush
- Replacing the aerators on hand basin taps which has reduced the overall water consumption from these fixtures
- Introducing water plaque signage to remind customers to be conscious of their water use and the importance of minimising water use
- Increasing the awareness and reporting of leaks and drips with security, cleaners, and building occupants.

As a result, the NABERS Water rating at Australia Square increased from 3.5 star to 4 star. Dexs is applying a similar program of initiatives across its portfolio to assist in achieving its target of having 1,000,000 square metres of office space with a minimum 4 star NABERS Water rating.



Focusing on operational waste

In FY19, we progressed several initiatives focused on enhancing the operational waste management of our portfolio. Dexus's standing goal is to reach 65% waste diversion from landfill across the group's office portfolio. In FY19 we achieved 42% diversion across office properties and 35% diversion across retail properties.

We identified that the removal of individual under desk bins in favour of centralised bin systems for each tenancy to be an effective way to enhance diversion rates and reduce waste stream contamination in office properties. This year we continued to progressively remove them in collaboration with customers and cleaning contractors.

Customer education is also important for embedding the positive behaviour change required to sustain strong waste management outcomes. In FY19, we hosted "lunch and learn" sessions on sustainable waste management and promoted the availability of specialised e-waste, coffee cups and organic collection services available to customers within their tenancies or via building management.

To enhance our approach to waste management even further, we have supported the development of the new NABERS Waste rating tool by piloting NABERS Waste ratings at nine office properties in FY19 and we are committed to conducting NABERS Waste ratings across the whole office portfolio in FY20. From those rated thus far, 1 Bligh Street in Sydney has recorded the highest rating, achieving 4.5 star and setting a benchmark across the portfolio. This strong performance at 1 Bligh Street is the result of several success factors including:

- Promotion of four separate waste streams: paper and cardboard; mixed recycling; organic waste; and general waste
- Specialised recycling programs focused on coffee cups and e-waste recycling for customers
- Data on waste quantities is collected across each tenancy with feedback provided to engage customers on their waste performance and improve their practices

Adding value through de-fit recycling and reuse

Outside of day-to-day property operations, we focus on minimising waste through our target to consistently demonstrate 80% diversion rates from tenancy de-fits. In FY19, 19 of the 31 monitored de-fit projects achieved a diversion rate of 80% or higher, including projects with tight deadlines that make diversion rates more challenging to achieve. The combined diversion rate across all 31 projects was 61% with over 1,700 tonnes of materials being reused, recycled or recovered, including:

- 319 tonnes of metal
- 240 tonnes of hardfill
- 105 tonnes of e-waste
- 141 tonnes of furniture
- 129 tonnes of glass
- 79 tonnes of carpets

Over the past year, 2 Dawn Fraser Avenue in Sydney Olympic Park demonstrated significant diversion outcomes from its building-wide de-fit project. The project team maintained a strong focus on recycling and reuse, which led to the project achieving over 99% diversion.

Contributing to the high diversion outcome was over 63 tonnes of Interface carpet tiles covering 15,940 square metres, that were recycled through their recycling program. In addition to reusing the tiles for new carpet materials, Interface innovated to reduce the embodied carbon of the project by offsetting the associated 185 tonnes in lifecycle carbon emissions of the replacement carpet.

In addition, all metals, e-waste, hardfill and glass materials were recycled.

The project team also successfully overcame a common challenge in maximising diversion rates for these projects, by finding a recipient to make use of the stripped-out furniture items once they become available.

The contractors identified the opportunity to work with Encounter First, a group supporting Papua New Guinea communities, to transport four tonnes of furniture to Papua New Guinan schools.

Broadening the waste recycling streams on offer

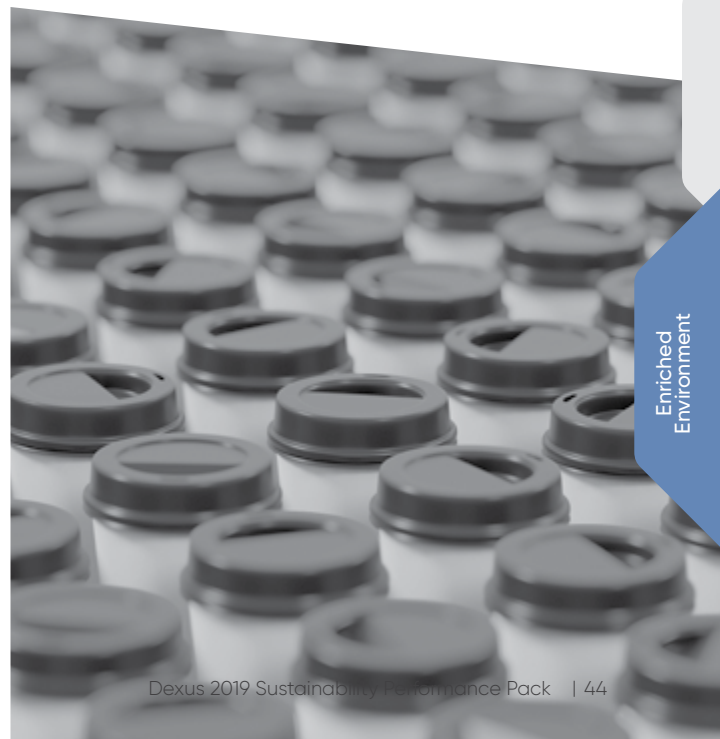
For many people, coffee is a daily ritual that can have the unintended consequence of adding cups and lids to a property's waste stream. These items can be challenging to recycle.

To help reduce the waste footprint of coffee drinkers, Dexus partnered with coffee cup recycling program, Simply Cups Australia, to introduce the program at eleven properties and tenancies including Dexus's Sydney office at Australia Square.

Dexus has collected and recycled over 170,000 coffee cups through the Simply Cups initiative, including 1,730 cups at 5 Martin Place, Sydney in April 2019 alone and close to 65,000 cups in total at 385 Bourke Street in Melbourne.

In the two years since it began operating, Simply Cups has collected over five million cups and diverted them from landfill. Simply Cups' processing facility in Moama, New South Wales, takes used cups where they are upcycled into higher value products such as carpark bumpers and bike lane separators.

Dexus is pleased to have secured the opportunity to expand recycling options for customers across its office properties and will continue to explore additional locations where it can implement Simply Cups in the future.



Building certifications

Green Star certifications

Dexus adopts the Green Building Council of Australia's Green Star rating tools to guide the integration of environmental and social aspects within development projects and to independently verify each project's sustainability credentials in construction and operation.

During the year, the recent development of 105 Phillip Street, Parramatta was certified to 6 Star Green Star Design (Office v3). Other development projects progressed in FY19 and seeking Green Star accreditation include:

- Dexus's latest flagship office tower at 100 Mount Street, North Sydney passed design review stage and is on track to achieve a 5 Star Green Star Design & As Built rating
- Construction commenced on the North Shore Heath Hub, a specialised mixed-use medical hub co-located with Royal North Shore and North Shore Private Hospitals in St Leonards NSW. The project is registered for Green Star and is targeting a 5 Star Green Star Design & As Built rating
- Registered Flinders Gate – 180 Flinders Street in Melbourne and 12 Creek Street (The Annex) in Brisbane for Green Star Design & As Built ratings

We apply the Green Star Performance rating tool to benchmark the operational performance of the group's office and retail portfolios across a broad range of measures relating to energy, water, indoor environment, building management, transport, materials, land use and ecology, and innovation.

In FY19 Dexus achieved a 4 Star Green Star Performance portfolio rating across 76 office and retail properties, which included achieving a 5 Star average performance rating across its office portfolio, representing 'Australian Excellence'. Within this year's rating, we were recognised for innovation in leadership, strategy and actions towards decarbonising our properties by targeting net zero emissions, as well as our work to enhance climate resilience. The portfolio Green Star Performance ratings help us communicate the sustainability credentials of our properties to customers and investors, and provide valuable feedback to set further improvement goals.

National Australian Built Environment Rating System (NABERS)

Dexus has a well-established NABERS program to benchmark energy and water performance nationally, using a rating scale from 1 to 6 stars. In FY19, Dexus's group office portfolio achieved an average 5.0 star NABERS Energy rating (FY18: 4.9 star) and an average 3.5 star NABERS Water rating (FY18: 3.6 Star). The uplift in energy performance follows further streamlining of cloud-based fault detection analytics software combined with ongoing investments in plant and equipment upgrades (refer to the case study of 360 Collins Street, Melbourne on page 42).

Improving water efficiency remains a challenge, as factors such as hot weather, higher occupancy density and new end-of-trip facilities have generally placed upward pressure on water use. Despite these challenges, during the year 16 office properties recorded at least half star improvements to their NABERS Water rating, including Australia Square Tower in Sydney (refer to the case study on page 43).

The Dexus-managed group retail portfolio achieved an average 3.8 star NABERS Energy rating (FY18: 3.4 star) and an average 3.5 star NABERS Water rating (FY18: 3.5 star). Willows Shopping Centre in Townsville was a leading performer, improving its energy performance based on strong engagement from the centre management team to realise energy savings from upgrades to the air conditioning system completed as part of the centre's expansion in 2018.

Portfolio	NABERS portfolio average	
	Energy	Water
Group Office portfolio	5.0	3.5
Dexus portfolio	5.0	3.6
Dexus Office Partnership	4.9	3.7
Funds management portfolio	4.9	3.5
Dexus Wholesale Property Fund	4.8	3.2
Group Retail portfolio¹	3.8	3.5
Dexus Wholesale Property Fund ¹	4.0	3.8
Funds management portfolio ¹	3.9	3.6

1. Dexus managed properties only.

NABERS Indoor Environment

A healthy indoor environmental quality positively impacts occupant health and wellbeing, and ultimately on customer productivity and satisfaction. Going beyond our regular audit of indoor air quality, in FY19 we completed NABERS Indoor Environment (NABERS IE) ratings across 31 properties. NABERS IE ratings measure acoustic quality, lighting quality, temperature and thermal comfort as well as indoor air quality of a property. Certified NABERS IE ratings allow us to benchmark performance and enhance management of indoor environmental quality for our customers.



Biodiversity

Dexus aims to deliver a positive impact on biodiversity through enhancing and managing biodiversity outcomes across properties that we develop and operate.

Over the past year, we have applied geographic information system (GIS) spatial mapping tools to understand the proximity of our properties in relation to globally significant biodiversity. We have also applied the Ecological Value tool within the Green Star Performance rating scheme to understand biodiversity value at our properties, which we reassess every three years when recertifying our portfolio.

Much of our portfolio exists in highly urbanised areas that generally has not retained its prior biodiversity value. However, the opportunity exists to make a positive impact at new developments and existing properties where changes in land use occur. For example, many of our industrial properties are situated in urban fringe areas where conserving remaining biodiversity is an important concern. In these areas, our development teams collaborate with local authorities and other stakeholders to deliver positive biodiversity outcomes.

Within Dexus's new industrial development precinct at Ravenhall in Victoria, we have committed to conserving large tracts of high quality vegetation on the site, and securing for conservation in perpetuity an additional 32 hectares off site, that is home to an endangered grassland community. The land to be conserved also supports endangered species such as the Striped Legless Lizard. Together, the retention of high-quality vegetation on site, mitigation of the loss of vegetation during construction, and conservation of ecologically significant land off site, will contribute to a positive biodiversity impact at Ravenhall.

Our approach to climate-related issues

This section describes how we manage climate-related risks and opportunities, with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Townsville's 1 in 100 year floodwater event in February 2019 highlights the impact that mother nature can have on our communities. Maintaining and enhancing property resilience is a key focus for Dexus, to mitigate environment and climate-related impacts.

We continue to enhance our understanding of physical risks to properties and communities, and the impacts to people and businesses from climate-related shocks and stresses. We also continue to grow our understanding of the complex nature of transitional risks and their associated impacts on financial performance, business strategy and investment decision-making.

Governance

The Dexus Board oversees all strategic risks including climate change risk, with the Board Risk Committee overseeing the Group's enterprise risk management practices, as well as work health and safety, and environmental management. As a strategic risk, climate change is discussed in detail on an annual basis. Each year and as needed, the Board approves the group's sustainability commitments.

The Sustainability team, led by the Executive General Manager, Investor Relations, Communications and Sustainability, and the Senior Manager, Group Sustainability and Energy leads the group's management response, reporting and presenting on a quarterly basis to the Board Risk Committee on progress against targets and to the Board as key topics emerge.

In FY19, the team reported on progress against its climate resilience roadmap (mitigation, adaptation, and influencing value chain). As part of this, the Board Risk Committee has reviewed Dexus's 2030 net zero strategy from proposal to adoption. The strategy and associated targets were endorsed by the Board.

Recognising the importance of managing ESG issues, the Board is currently finalising plans to establish a new Board Committee in FY20 known as the Board ESG Committee. It is anticipated that the Board ESG Committee will oversee the implementation of the group's Sustainability Approach and work closely with the Board Risk Committee in overseeing the management of ESG issues, including climate-related risks and opportunities.

Strategy

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

- Short term (0–2 years in line with 2020 goals)
- Medium term (2–7 years in line with interim targets towards 2030, and Capex planning)
- Long term (7–15 years in line with 2030 net zero emissions target) time horizons.

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

- Our in-house research team tracks economic conditions, correlates market risks and forecasts real estate market performance in all major commercial, retail and industrial property markets nationwide to identify immediate operational risks, and longer-term megatrends that influence the development of strategy, portfolio planning and new products and services
- We collaborate with peers and with industry associations to undertake work and share knowledge on climate change risk and adaptation
- We engage with customers and conduct social demographic studies across retail properties
- We work with subject matter experts to maintain an up-to-date view.

Climate-related issues are considered as one of several factors within annual asset and property management activities including financial budgeting for capital and operating expenditure, risk-based engineering assessments, managing insurance policies and claims. Financial planning is conducted across short and medium time horizons.

Scenario analysis

To date, Dexus has applied climate scenarios to inform decision-making as follows:

Scenario	Application
RCP8.5 from the 2014 IPCC ¹ report using 2030 and 2070-time horizons	Assess property physical risk exposure to identify likely high impact climate-related outcomes, including the magnitude and specific locations where they are likely to occur. The outcomes inform Dexus's acquisition strategy and physical property risk management activities.
Science-Based Target initiative (SBTi) sectoral decarbonisation trajectory using IEA ² 2°C scenario (IEA 2DS:2012)	Climate scenario analysis outcomes used to inform energy use and price modelling out to 2030 with comparison against sector decarbonisation required consistent with 2 degrees warming against pre-industrial levels. In FY18, this analysis has been used to develop our 2030 net zero emissions target in line with science-based outcomes to avoid serious climate-change effects.

1. Intergovernmental Panel on Climate Change (<http://www.ipcc.ch/>)

2. International Energy Agency (<http://www.iea.org>)

We have used scenario analysis to understand physical risk exposure and to develop our 2030 net zero emissions target. We plan to further integrate scenario analysis into annual business stress testing across longer-term time horizons beyond the current 3 to 5-year horizon.

Expanding our use of scenario analysis will enhance our understanding of transition risks (e.g. carbon pricing, increased building efficiency standards) and links to financial impacts.

Our newly established cross-business TCFD working group will leverage existing and future scenario analyses to:

- coordinate action on climate-related risks and opportunities
- build a collective understanding of Dexus's resilience to climate-related issues
- raise awareness of the importance of climate-related issues across Dexus's operations and portfolio

Our goal is to continue to enhance our disclosure of financial impacts beyond those expressed in our 2019 CDP submission, and in line with published TCFD guidance.



Climate related issues and financial impact

Risk	Time horizon	Financial impact	How Dexus is equipped to manage and monitor risk
Policy and legal compliance and potential for emissions taxes/tariffs on energy	Short to medium term	Enhanced emissions-reporting obligations may lead to increased compliance costs through new or higher taxes	<p>In-house Sustainability team monitors existing and emerging legislation and embeds compliance into daily processes.</p> <p>Dexus develops and manages its portfolio to maximise energy efficiency via continuous improvement design and operational targets, that drive ongoing energy efficiency programs.</p>
Property physical risk exposure via increased severity of extreme weather events such as cyclones and floods	Short to long term with predicted increase in frequency	Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations	<p>Dexus has assessed its portfolio for climate-related risk exposure and climate change impacts are reduced through careful portfolio construction combined with risk evaluation and associated adaptation planning within its certified Environmental Management System.</p> <p>Dexus actively manages climate exposure risk for wind and flooding to mitigate against higher insurance deductibles imposed by insurers for specific properties located in Far North Queensland due to their inherent risk exposure.</p>
Changing investor behaviour to divest out of businesses that exhibit high carbon intensity and/or do not articulate a clear strategy for addressing climate change risks	Medium term	<p>Reduced ability to attract and retain investors and raise new capital</p> <p>Reduced access to debt or finance arrangements or lead to less favourable interest rates or debt terms</p>	<p>Dexus systematically identifies, quantifies and responds to ESG issues within strategic decision making and operations, to deliver sustained investor returns.</p> <p>Dexus is a signatory to the UN Global Compact (UNGC) and Principles for Responsible Investment (PRI) and has integrated these principles. Dexus conducts ESG due diligence for property transactions, applies technology and operational expertise to reduce resource use and greenhouse gas emissions, and partners with like-minded suppliers.</p>
Changing customer expectations for minimum property performance	Medium term	Reduced customer demand would lead to increased vacancy, lower rental income, and property devaluation	<p>Dexus focuses on operational efficiency by setting continuous improvement targets and continues to invest capital expenditure into its properties to maximise property energy efficiency and reduce emissions.</p> <p>Dexus analyses and responds to consumer trends through market research, focusing on customer needs and issues to provide service excellence.</p>
Rising mean temperatures and heat stress	Medium to long term	Increased operating and maintenance costs to maintain indoor temperature to meet occupants' comfort requirements to maintain health and wellbeing	<p>Advanced building management systems, supported by virtual engineer analytics monitor building comfort conditions and the indoor environment.</p> <p>Dexus installs standby generators to maintain energy security for use during blackouts.</p>



Opportunity	Time horizon	Financial impact	How Dexus is equipped to manage and monitor opportunity
Availability of incentives	Short term	Additional revenues through access to new and emerging markets to offset project capital costs	Dexus participates in the NSW Energy Savings Scheme and generates Energy Savings Certificates (ESCs) following successful implementation of prior projects. In FY19 Dexus created 6,932 ESCs.
Changing investor behaviour	Medium term	Better competitive position to reflect shifting consumer preferences, resulting in attracting and retaining capital	Dexus is a signatory to the UNGC and the PRI and has integrated these principles throughout the group. Dexus has been recognised globally as a leader by inclusion on various indices including Dow Jones Sustainability Index, FTSE4Good Index, MSCI and CDP Climate Change questionnaire. Dexus leverages its demonstrated reputation for prudent capital management as a responsible investor to raise additional capital and attract new investment partners.
Changing customer behaviour towards more efficient properties	Short to medium term	Better competitive position to reflect shifting consumer preferences, resulting higher occupancy and rental returns	Dexus effectively manages energy use to reduce tenant outgoings and attract customers. Dexus benchmarks its managed office and retail properties using NABERS ³ and is targeting 1,000,000 square metres of 5 star rated NABERS properties by 2020. Dexus benefits from changing consumer behaviour, including government and some private sector customers that now require a minimum level of energy efficiency in their office tenancies, and typically require their properties to achieve 4.5-star NABERS Energy ratings or higher.
Access to new market revenue opportunities	Short to medium term	Opportunity to leverage Australia's electricity grid transformation and increases in distributed electricity generation by new market operators	Dexus is exploring opportunities to self-generate and offer electricity to customers or lease the available roof space across its managed industrial portfolio to third party solar energy companies on a large scale.

3. National Australian Built Environment Rating System, administered by the NSW Office of Environment and Heritage.



Risk management

Climate-related risks are assessed in accordance with Dexus's standard framework for managing risks. At a group level each key strategic risk, including climate change risk, is discussed in detail on an annual basis.

Dexus's climate resilience strategy responds to the physical and transitional risks identified through scenario analysis and involves:

1. Mitigating our impact through decarbonisation, energy efficiency and renewable energy.
2. Adapting to physical and transitional risks relevant to our properties, people and operations, and leveraging climate change-related opportunities.
3. Influencing our value chain by engaging customers, tenants and suppliers to reduce climate impacts.

Mitigating climate impacts

Dexus reviews the sustainability risks of a potential acquisition before purchase through a rigorous due diligence process focusing on environmental performance, climate change-related physical risk exposure, and building upgrade and improvement plans, with associated costs to implement upgrades in line with the group's 5 star NABERS Energy rating target. The outcomes may affect procurement decisions and determine the investment strategy for the asset, both in the short and long term.

For properties under management, environmental performance and reducing resource consumption is critical and this is measured, monitored and managed to meet environmental performance targets. Impacts to customers from rising occupancy costs due to energy-related outgoings are also a key influence of the group's resilience strategy. We have applied regression analysis techniques to review the impact of chronic temperature rise on energy consumption using current building energy performance against key influencing variables including forecast ambient temperatures, building occupancy and operating hours. We also continued to monitor the state of the energy market within our forward energy purchasing strategy, and considered energy efficiency improvement opportunities with asset-level strategic improvement plans.

Adapting to climate-related risks

In FY19 we refreshed our portfolio-wide climate risk assessment and integrated resilience into Dexus's Environmental Management System, building on previous assessments completed in 2011 and 2015. Our climate risk assessment method involves:

1. **Portfolio-wide climate exposure and vulnerability assessment** (completed in FY19):
 - Applied current climate data and future climate projections to identify hotspots for climate issues, both acute (storms, heatwave) and chronic (rainfall, heat stress) and surveyed site operations teams to understand their property's vulnerability to those risks and hazards
 - Integrated climate resilience within Dexus's Environmental Management Manual, to establish an ongoing context and framework, and codify the process for portfolio level and asset level risk assessment adaptation planning
2. **Property-level adaptation planning** (underway in FY20): Leveraging the portfolio-level learnings to assess in more detail operational resilience plans for priority assets, through Dexus's Environmental Management System, and furthering our understanding of financial impacts of climate risk

Influencing our value chain

Throughout the year Dexus has engaged with suppliers, investors and industry peers to discuss our progress and programs towards climate resilience. We collaborated extensively with Red Energy to develop the ESA discussed on page 40, and openly shared our journey with key customers, investors, and peers at forums such as the Green Building Council of Australia's TRANSFORM conference. We advocated for increased adoption of renewable energy and efficiency by committing to the World Green Building Council's EP100 initiative, as well as engaging directly with investors on this issue.

Refer to the [2019 Disclosures on Management Approach](#) for information on governance, risk management framework and processes, and emissions reduction activities.

Metrics and targets

Dexus is committed to operational efficiency across the property portfolio to deliver savings in resource consumption and associated greenhouse gas emissions, and to meet current and future environmental targets. Our goal is to achieve net zero emissions by 2030 through improving energy efficiency and increasing renewables.

Dexus monitors and reports on absolute greenhouse gas emissions, like-for-like emissions and emissions intensity for all properties under operational control.

We report using both location-based and market-based emissions accounting approaches, the former satisfying our regulatory reporting and the latter taking into account voluntary reductions achieved through use of emission-free GreenPower.

Pages 51-52 contain a summary of the group managed portfolio environmental inventory, and the [2019 Sustainability Data Supplement](#) provides comprehensive disclosure of Dexus environmental metrics and year-on-year performance.



Summary of environmental accounts

The following tables provide the environmental inventory and consumption/emissions intensities for the group managed portfolio on an operational control basis. Further environmental accounts are contained within the [2019 Sustainability Data Supplement](#).

Group managed portfolio – environmental inventory

Metric	Absolute				Like-for-like		12 month change	
	Base year	FY17	FY18	FY19	FY18	FY19		
Energy Consumption (MWh)								
Non-renewable energy	Diesel	266	1,540	1,342	1,770	1,129	1,468	30.0%
	Natural Gas	33,272	51,130	45,929	37,457	33,250	32,525	-2.2%
	Electricity – grid-purchases accounted using average grid emission factors	155,523	143,786	150,038	145,721	118,391	115,822	-2.2%
Renewable energy	Electricity – GreenPower purchases accounted using source-based emission factor supported by an energy attribute certificate	15,306	5,424	3,364	5,275	3,062	4,539	48.2%
	Solar energy	0	276	292	292	292	292	0.2%
Total energy consumption (MWh)		204,367	202,155	200,965	190,516	156,124	154,646	-0.9%
Proportion of energy consumption from renewable sources (%)		7.5%	2.8%	1.8%	2.9%	2.1%	3.1%	
Water (kL or cubic metres)								
Potable water from water authorities		1,499,044	1,806,128	1,858,668	1,815,826	1,512,354	1,548,321	2.4%
Recycled water recovery			8,015	10,568	4,964	10,568	4,964	-53.0%
Total water consumption including recycled water		1,499,044	1,814,143	1,869,236	1,820,791	1,522,922	1,553,285	2.0%
Proportion of water consumption from recycled sources (%)			0.4%	0.6%	0.3%	0.7%	0.3%	
Waste and recycling (tonnes)								
Waste to landfill		4,475	9,468	10,451	9,721	7,968	7,777	-2.4%
Recycled waste		4,118	7,014	7,002	6,327	5,816	5,187	-10.8%
Total waste		8,593	16,482	17,453	16,048	13,785	12,964	-6.0%
Diversion from landfill (%)		47.9%	42.6%	40.1%	39.4%	42.2%	40.0%	-5.2%
Waste data coverage across office and retail properties		74%	98%	99%	100%	100%	100%	0.0%
Greenhouse gas emissions (t CO ₂ -e)								
Scope 1		6,226	19,688	18,919	17,596	15,107	15,463	2.4%
Scope 2 location-based		151,951	128,883	131,158	126,941	103,857	102,043	-1.7%
Total Scope 1 & 2 location-based GHG emissions		158,176	148,571	150,077	144,538	118,965	117,505	-1.2%
Scope 2 adjustment due to GreenPower purchases		-13,801	-5,006	-2,819	-4,426	-2,569	-3,822	48.8%
Total Scope 1 & 2 market-based GHG emissions		144,376	143,564	147,258	140,112	116,396	113,683	-2.3%
Scope 3 location-based GHG emissions		27,630	36,728	37,452	34,938	29,950	28,685	-4.2%
Scope 3 adjustment due to GreenPower purchases		-2,580	-617	-402	-529	-366	-455	24.5%
Total Scope 1, 2 & 3 location-based GHG emissions		185,807	185,298	187,529	179,476	148,915	146,191	-1.8%
Total Scope 1, 2 & 3 market-based GHG emissions		169,425	179,675	184,307	174,521	145,980	141,913	-2.8%
Voluntary offsetting								
Voluntary offsets surrendered by Dexus		0	-3,000	-3,000	-3,725	-3,000	-3,725	
Total net greenhouse gas emissions		169,425	176,675	181,307	170,796	142,980	138,188	-3.4%
Lettable area under operational control (square metres)								
Office		938,304	1,595,564	1,647,185	1,651,876	1,381,608	1,381,465	0.0%
Retail		292,161	296,386	323,780	304,513	217,674	216,977	-0.3%
Industrial		926,859	1,079,053	1,072,881	1,136,658	1,035,480	1,034,710	-0.1%

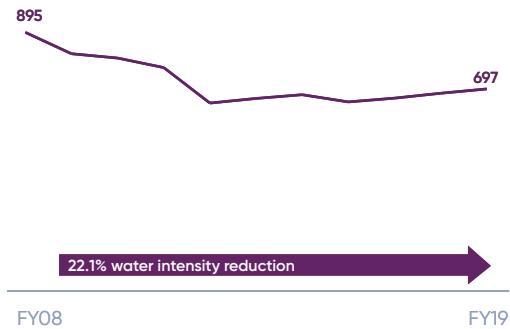
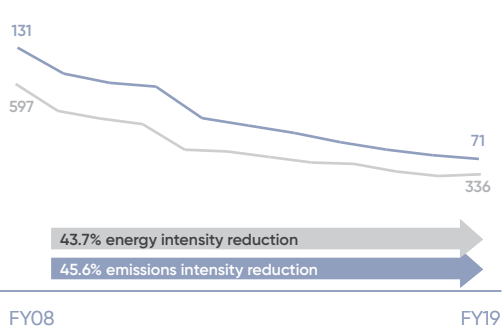


Group managed portfolio – Consumption, emissions and waste on an intensity basis

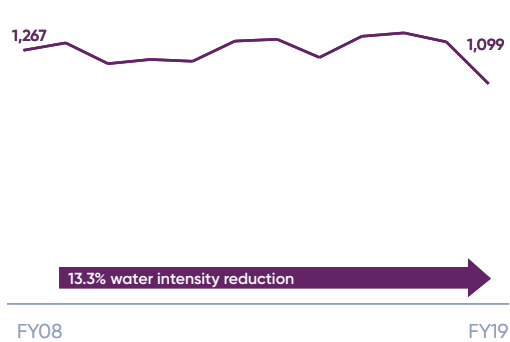
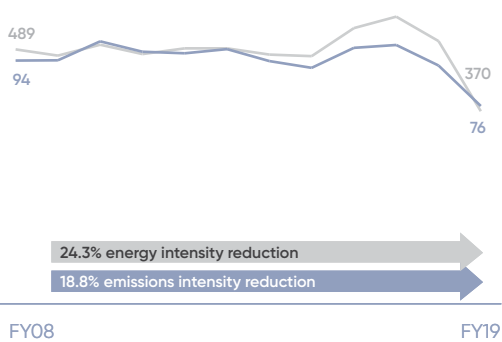
Metric	Managed portfolio				Like-for-like			
	Base year ¹	FY17	FY18	FY19	FY18	FY19	12 month change	
Group Office portfolio	Energy consumption (MJ/sqm)	597	344	331	336	330	329	-0.1%
	Water consumption (L/sqm)	895	684	699	697	717	719	0.2%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	131	73	71	71	71	71	-0.9%
	Waste diversion from landfill	51% ²	48%	45%	42%	44%	42%	-5.8%
Group Retail portfolio	Energy consumption (MJ/sqm)	489	552	505	370	422	394	-6.6%
	Water consumption (L/sqm)	1,267	1,354	1,309	1,099	1,136	1,103	-2.9%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	94	100	92	76	81	77	-5.2%
	Waste diversion from landfill	30% ²	33%	33%	35%	38%	37%	-2.7%
Group Industrial portfolio	Energy consumption (MJ/sqm)	33.4	11.9	11.9	12.4	11.7	12.8	9.5%
	Water consumption (L/sqm)	312	290	264	290	265	305	15.3%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	8.4	2.5	2.4	2.6	2.4	2.7	11.9%

1. Base year is FY08, unless otherwise indicated
2. Base year is FY12

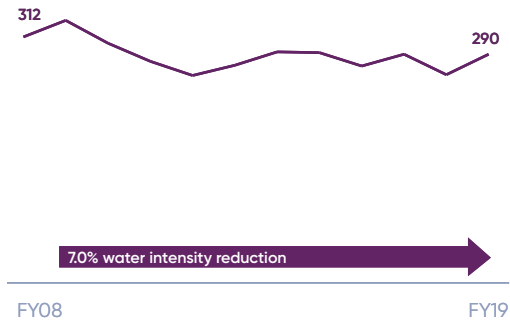
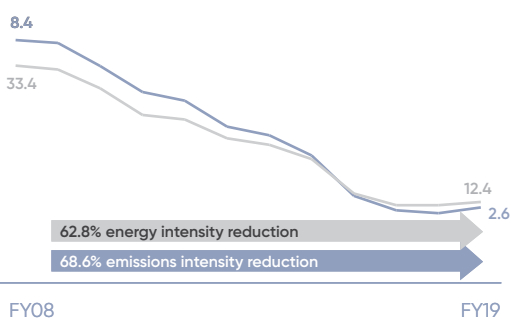
Office



Retail



Industrial



- Energy intensity (MJ/sqm)
- GHG emissions intensity (kg CO₂-e/sqm)

- Water use intensity (L/sqm)



Glossary

Acronym	Definition
BBP	Better Buildings Partnership (www.betterbuildingspartnership.com.au)
CBD	Central business district
CFCs	Chlorofluorocarbons (CFCs) are nontoxic, non-flammable chemicals containing atoms of carbon, chlorine, and fluorine. CFCs are believed to be a major cause of stratospheric ozone depletion
ESA	Energy Supply Agreement
ESG	Environmental, social and governance
GBCA	Green Building Council of Australia (www.gbca.org.au)
GHG	Greenhouse gas emissions, measured in tonnes of carbon dioxide equivalent (t. CO ₂ -e)
GreenPower	Emission-free electricity sourced via a certified GreenPower Product (www.greenpower.gov.au)
Green Star	An internationally-recognised sustainability rating system, administered by the GBCA, to evaluate and benchmark sustainability impact across nine categories for buildings during design, construction and in operation.
GRESB	Global Real Estate Sustainability Benchmark (www.gresb.org)
HCFCs	Hydrochlorofluorocarbons (HCFCs) are compounds containing carbon, hydrogen, chlorine and fluorine. Industry and the scientific community view certain chemicals within this class of compounds as acceptable temporary alternatives to CFCs. The HCFCs have shorter atmospheric lifetimes than CFCs and deliver less reactive chlorine to the stratosphere where the "ozone layer" is found
NABERS	National Australian Built Environment Rating System (www.nabers.gov.au)
NPS	Net Promoter Score – an index used as a proxy to measure satisfaction on a scale of -100 to +100
PCA	Property Council of Australia (www.propertycouncil.com.au)
PRI	Principles for Responsible Investment – a United Nations-supported network of investor signatories encouraging the incorporation of ESG factors into investment decisions (www.unpri.org)
SDGs	Sustainable Development Goals – 17 goals adopted by all United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development (sustainabledevelopment.un.org/sdgs)
SIP	Strategic Improvement Plan, prepared by Dexus that captures energy, water and waste improvement opportunities and forecasts a pathway towards resource efficiency targets
TCFD	Task Force on Climate-related Financial Disclosure – a working group that has developed a set of recommendations for voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders (www.fsb-tcfd.org)
UNGC	United Nations Global Compact – a voluntary corporate sustainability initiative that seeks to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption (www.unglobalcompact.org)

Resource consumption methodology

The resource consumption data is derived from office, industrial and retail properties under the operational control of Dexus for part or all of the 12 months ending 30 June 2019 with the inclusion of Dexus corporate tenancies.

Dexus has applied the principles contained within the National Greenhouse and Energy Reporting (NGER) Act 2007 and its associated guidelines to determine the operational control of its properties across Australia and New Zealand. Dexus has operational control of a facility if it has the authority to introduce and implement any or all of the operating, health and safety and environmental policies for the facility. Dexus excludes energy consumption from tenant spaces where the tenant receives separately metered energy invoices and excludes whole facilities where they are leased to a single tenant occupying the entire premises.

Dexus also included water usage from nine current and eight previously managed industrial properties where water is purchased by Dexus and consumed by customers and Dexus for property maintenance, e.g. landscaping.

Refer to the Dexus 2019 Assurance Criteria for further details including the list of consumption and emission sources, and references for factors that have been applied. The 2019 Assurance Criteria is available within Dexus's sustainability reporting library.

Like-for-like data has been based on a portfolio whereby operational control and data for energy and water was available for the full 24-month like-for-like period.

Dexus has reviewed its environmental dataset to fully align with NGER by adding minor source items and confirming calculation methods and factors. Non-material historical figures have been applied to all years since the 2008 base year and have been restated for consistency. Prior years' data has been updated to reflect current information where applicable resulting in minor restatements. Repetition only occurs when there is an overlap of reporting periods. There may be small discrepancies in the totals in some tables due to rounding.

Boundary terms

In this 2019 Sustainability Performance Pack:

- ‘Dexus’, ‘the group’, ‘Dexus group portfolio’, ‘we’, ‘us’ and ‘our’ refer to Dexus comprising the ASX listed entity (DXS) and the Third Party Funds Management business, unless otherwise stated
- ‘Dexus portfolio’ relates specifically to the portfolio of properties in the ASX listed entity
- ‘Funds management portfolio’ relates to properties managed by Dexus on behalf of third party clients
- ‘Third party capital partners’ refers to the investors, partners, and clients in our funds management portfolio

Any reference in this report to a ‘year’ relates to the financial year ended 30 June 2019. All dollar figures are expressed in Australian dollars unless otherwise stated.

Independent assurance


In addition to auditing the Financial Statements, PricewaterhouseCoopers (PwC) provides limited assurance over select environmental and social data metrics within the 2019 Dexus annual reporting suite.

Limited assurance has been obtained for the 12 months to 30 June 2019. The Assurance Statement, and associated reporting criteria documents are available within Dexus’s [online sustainability reporting library](#).

Sustainability Data Supplement

2019

dexus



Comprehensive disclosure of
sustainability/ESG datasets
aligned with reporting
frameworks including the
GRI Standards

Introduction

The Dexus 2019 Sustainability Data Supplement discloses comprehensive performance metrics for the FY19 financial year (1 July 2018 – 30 June 2019). The Sustainability Data Supplement supports Dexus’s Annual Reporting Suite, and should be read with reference to:

- [2019 Annual Report](#) – An integrated summary of the value created across Dexus’s key resources and the Consolidated Financial Report.
- [2019 Sustainability Performance Pack](#) – Comprehensive sustainability reporting that supports the results outlined in the 2019 Annual Report.
- [2019 Disclosures on Management Approach](#) – Detailed descriptions of Dexus’s approach to managing material issues, aligned with the GRI Standards reporting framework.
- [2019 Corporate Governance Statement](#) – Dexus’s corporate governance framework, reconciled against the principles of the ASX Corporate Governance Principles and Recommendations – Third Edition.
- [2019 GRI Index](#) – An index describing the location of GRI Standards indicators disclosed across the Dexus 2019 Annual Reporting Suite, aligned with the GRI Standards ‘Core’ guidelines.

Contents

The Sustainability Data Supplement is organised with reference to Dexus’s Sustainability Approach objectives.

Section and contents	Page
Sustained Value	2
<ul style="list-style-type: none"> - Financial highlights - Capital management 	
Thriving People	7
<ul style="list-style-type: none"> - Workforce statistics - Inclusion and diversity - Leave and absenteeism - Work, health and safety - Recruitment - Retention - Training and development - Workforce costs and remuneration 	
Future Enabled Customers and Strong Communities	18
<ul style="list-style-type: none"> - Customer experience - Community contribution - Supply chain 	
Enriched Environment	21
<ul style="list-style-type: none"> - Environmental inventories (energy, emissions, water, waste) for Dexus group managed portfolio, Dexus (DXS) portfolio and selected third party fund portfolios - NABERS ratings - Progress against targets 	

Boundary terms and independent assurance

In this Sustainability Data Supplement:

- ‘Dexus’, ‘the group’, ‘Dexus group portfolio’, ‘we’, ‘us’ and ‘our’ refer to Dexus comprising the ASX listed entity (DXS) and the Third Party Funds Management business, unless otherwise stated
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Sustained Value

The Sustained Value section of this Sustainability Data Supplement supports the performance reporting within Dexus's 2019 Annual Report.

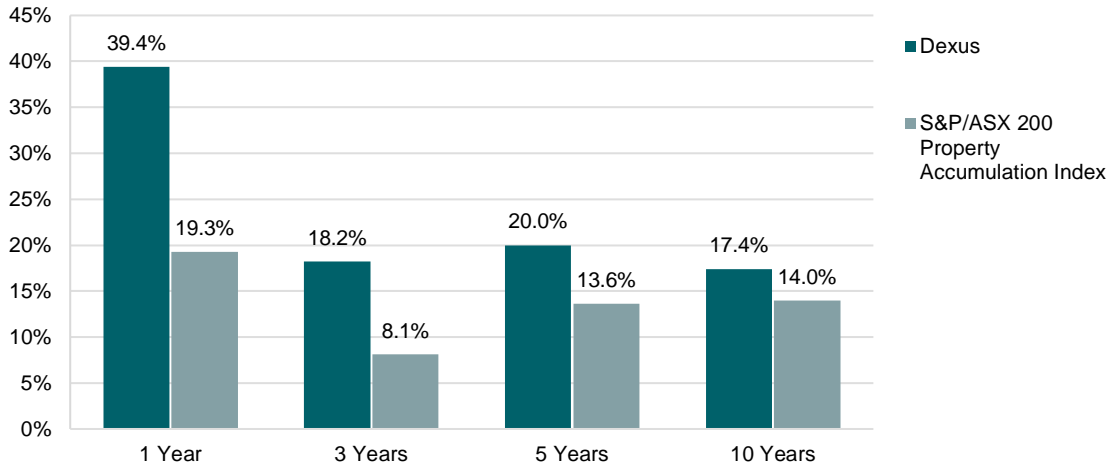
Financial highlights

Key metrics	FY15	FY16	FY17	FY18	FY19
Net profit after tax (\$m)	618.7	1,259.8	1,264.2	1,728.9	1,281.0
Adjusted Funds From Operations (\$m)	369.8	413.9	439.7	485.5	517.2
Adjusted Funds From Operations (cents per security)	40.4	42.7	45.4	47.7	50.3
Adjusted Funds From Operations per security growth (%)	9.3	6.0	4.5	5.1	5.5
Funds From Operations (\$m)	544.5	610.8	617.7	653.3	681.5
Funds From Operations (cents per security)	59.52	63.1	63.8	64.2	66.3
Distribution (cents per security)	41.04	43.51	45.47	47.8	50.2
Return on Equity (%)	11.5	19.3	18.2	19.8	13.9
Return on Contributed Equity (%)	n/a	n/a	7.6	7.6	10.1
NTA per security (\$)	6.68 ¹	7.53	8.45	9.64	10.48
Gearing (%) ²	28.5	30.7	26.7 ³	24.1	24.0
Duration of debt (years)	5.7	5.5	5.6 ⁴	7.0	6.7
Total security holder return (%)	15.8	30.3	10.1	7.5	39.4

1. Dexus completed a one-for-six Security consolidation in November 2014.
2. Adjusted for cash and debt in equity accounted investments.
3. Pro forma gearing is adjusted for post balance dates acquisitions. Actual gearing (look-through) was 22.1%.
4. Includes \$60 million of Medium Term Notes issued in July 2017 and three bank facilities for \$325 million that commenced in July 2017.



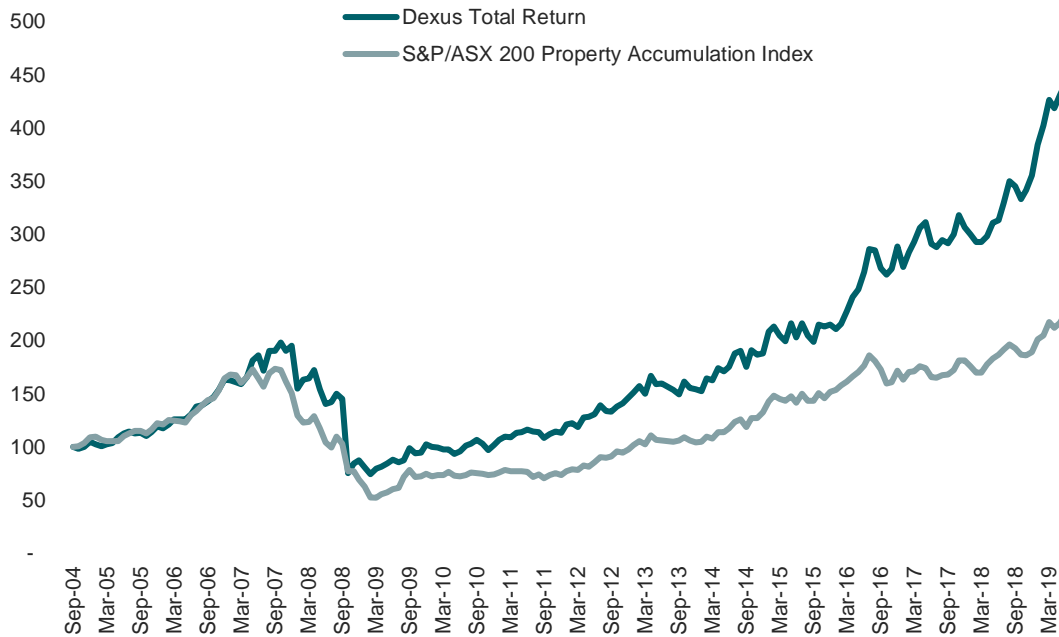
Total Security holder return (TSR)



Annual compound returns.
Source: UBS Australia for year to 30 June 2019.

Total return of Dexus securities

The chart below illustrates Dexus's performance against the S&P/ASX 200 Property Accumulation Index since listing in 2004.



Source: UBS Australia for the year to 30 June 2019.



Dexus portfolio snapshot

Key metrics		FY15	FY16	FY17	FY18	FY19
Portfolio value (\$A)	Dexus portfolio	\$9.5bn	\$11.0bn	\$12.2bn	\$13.3bn	\$15.6bn
	Office	\$7.8bn	\$9.2bn	\$10.2bn	\$11.0bn	\$13.2bn
	Industrial	\$1.7bn	\$1.8bn	\$2.0bn	\$2.2bn	\$2.3bn
	Healthcare	-	-	-	\$0.1bn	\$0.1bn
Net lettable area (sqm)	Dexus portfolio	2,697,990	2,842,797	2,866,358	2,869,403	3,045,759
	Office	1,403,255	1,566,111	1,581,646	1,495,238	1,546,264
	Industrial	1,294,735	1,276,685	1,284,712	1,322,557	1,447,539
	Healthcare	-	-	-	51,608	51,956
Funds From Operations ¹	Office	\$533.3m	\$567.2m	\$567.4m	\$603.8m	\$610.5m
	Industrial	\$112.3m	\$106.1m	\$114.8m	\$132.7m	\$137.3m
Like-for-like income growth	Office	0.2%	1.0%	2.6%	4.5%	3.4%
	Industrial	0.7%	(7.1%)	3.6%	3.0%	8.0% ²
Occupancy (by income)	Dexus portfolio	-	-	-	-	-
	Office	95.3%	96.3%	97.2%	96.0%	98.0%
	Industrial	92.4%	90.4%	96.5%	98.3%	97.0%
Occupancy (by area)	Dexus portfolio	-	-	-	-	-
	Office	95.5%	96.3%	97.0%	95.7%	97.8%
	Industrial	91.7%	89.3%	96.6%	98.8%	98.8%
Lease duration (by income)	Dexus portfolio	-	-	-	-	-
	Office	4.3 years	4.7 years	4.8 years	4.6 years	4.4 years
	Industrial	4.0 years	4.1 years	5.1 years	4.8 years	4.7 years
Weighted average capitalisation rate	Dexus portfolio	6.88%	6.33%	5.95%	5.52%	5.26%
	Office	6.71%	6.16%	5.78%	5.37%	5.15%
	Industrial	7.77%	7.38%	6.88%	6.40%	5.92%
1-year total return	Office	9.6%	16.0%	14.1%	16.9%	10.6%
	Industrial	11.3%	16.0%	12.6%	13.6%	12.9%

- On 1 July 2014, the group adopted the Property Council of Australia definition of FFO. The Directors consider FFO to be a measure that reflects the underlying performance of the group. FFO comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark-to-market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, rental guarantees, coupon income and distribution income net of funding costs.
- Excluding one-off income is 2.5%.

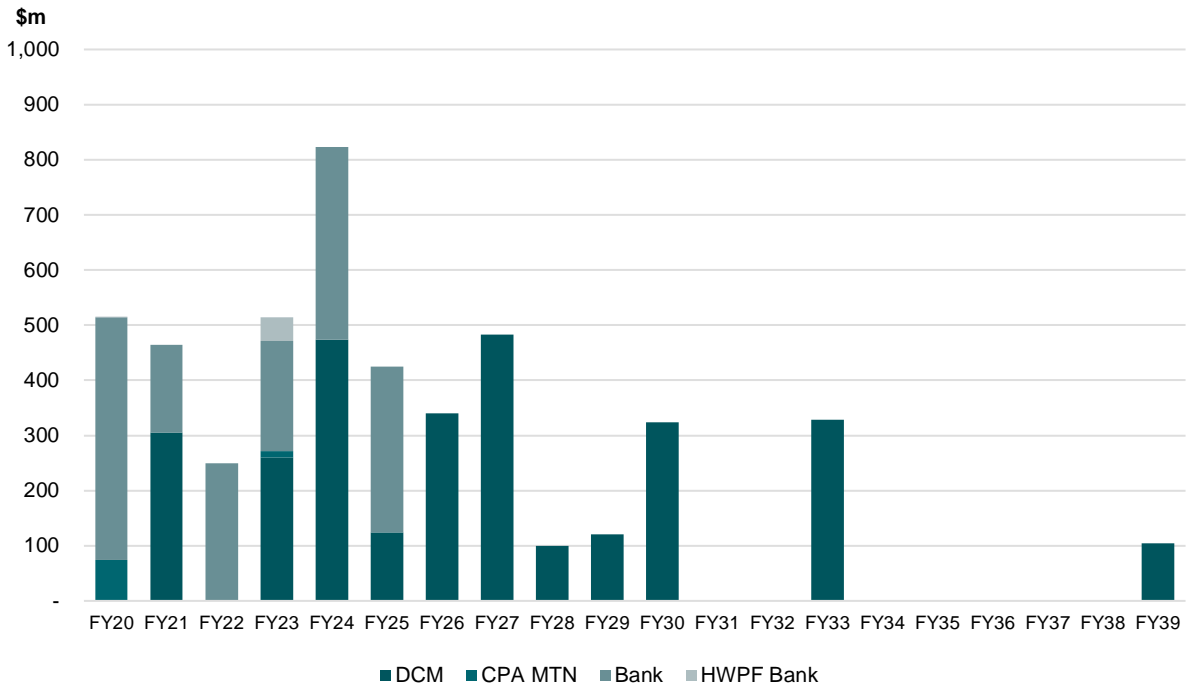


Capital management

Key metrics	FY15	FY16	FY17	FY18	FY19
Cost of debt ¹	5.2%	4.8%	4.1%	4.2%	4.0%
Duration of debt	5.7 years	5.5 years	5.6 years ²	7.0 years	6.7 years
Hedged debt ³	76%	71%	65%	71%	74%
Gearing ⁴	28.5%	30.7%	26.7% ⁵	24.1%	24.0%
Headroom (approximately) ⁶	\$0.8bn	\$0.4bn	\$1.1bn	\$0.9bn	\$1.0bn
S&P/Moody's credit rating	A-/A3	A-/A3	A-/A3	A-/A3	A-/A3

1. Weighted average across the period, inclusive of fees and margins on a drawn basis.
2. Includes \$60 million of Medium Term Notes issued in July 2017 and three bank facilities for \$325 million that commenced in July 2017.
3. Average for the year (including caps). Average for the year (excluding caps) was 55% for the 12 months to 30 June 2019.
4. Adjusted for cash and debt in equity accounted investments.
5. Pro forma gearing is adjusted for post balance date acquisitions. Actual gearing (look-through) was 22.1%.
6. Undrawn facilities plus cash. Excluding forward start commitments.

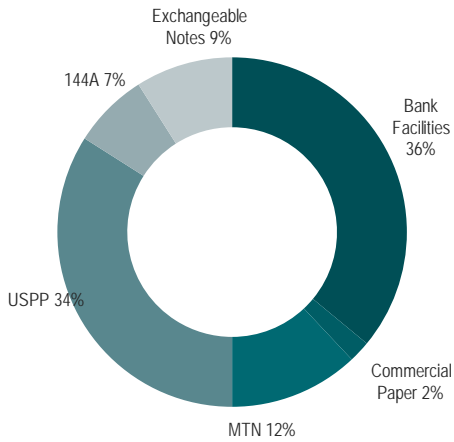
Debt maturity profile¹



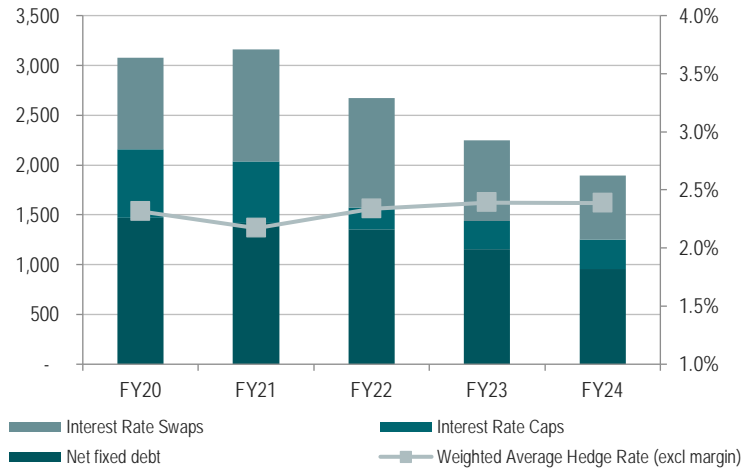
1. Includes \$425 million Exchangeable Notes based on investor put date in FY24.



Diversified mix of debt



Interest rate hedging maturity profile¹



1. Average amount hedged for the period

Debt facilities¹

	Facility limit (A\$m)	Drawn (A\$m)	Maturity dates	Currency	
Bilateral bank debt	440	70	FY20	A\$	
	160	140	FY21	A\$	
	250	78	FY22	A\$	
	200	157	FY23	A\$	
	350	115	FY24	A\$	
	300	150	FY25	A\$	
Commercial paper ²	100	100	FY23	A\$	
Medium term notes	160	160	FY23	A\$	
	185	185	FY26	A\$	
	130	130	FY27	A\$	
	30	30	FY39	A\$	
US senior notes (144A) ³	305	305	FY21	US\$	
US senior notes (USPP) ³	Series 1	291	291	Jul-23 - Jul-28	US\$
	Series 2	225	225	Feb-24 - Feb-27	US\$
	Series 3	286	286	Dec-24 - Dec-26	US\$
	Series 4 (A\$)	100	100	Jun-28	A\$
	Series 5	503	503	Nov-29 - Nov-32	US\$
	Series 5 (A\$)	150	150	Nov-29 - Nov-32	A\$
Series 6 (A\$)	75	75	Oct-38	A\$	
Exchangeable Notes	425	425	FY24 ⁴	A\$	
Subtotal	4,665	3,675			
Currency translation and fair value adjustments	440	440			
Deferred borrowing costs	(18)	(18)			
Exchangeable Notes adjustments	(30)	(30)			
Total interest bearing liabilities	5,057	4,067			
Bank guarantees utilised		(69)			
Cash		30			
Headroom including cash		951			

- Does not include debt facilities in equity accounted investments: \$74.8 million (December 2019), \$1.2 million (January 2020), \$201.6 million (August 2020), \$42.8 million (August 2022), \$11.5 million (December 2022).
- Maturity date of commercial paper standby facility.
- 144A and USPP amount shown at the cross-currency swap contract rate.
- Based on investor put date in FY24.



Thriving People

The people data in this section supports the performance reporting in the 2019 [Sustainability Performance Pack](#).

For background on the management frameworks and procedures related to our workforce please refer to the 2019 [Disclosures on Management Approach](#).

Workforce statistics

Metric	FY15		FY16		FY17		FY18		FY19	
	M	F	M	F	M	F	M	F	M	F
By employment type (FTEs)										
Permanent full-time ¹	148.4	124.2	75.0	172.3	181.0	180.9	176.0	181.0	207.0	216.0
Fixed term full-time ¹							13.0	14.0	11.0	27.0
Permanent part-time ¹	0.0	23.9	0.7	26.2	1.0	27.8	0.0	26.8	0.0	31.3
Fixed term part-time ¹							0.0	2.0	0.0	4.8
Contractor	11.2	14.4	7.0	5.8	1.0	0.0	0.0	0.0	0.0	0.0
Casual	3.0	8.9	4.8	7.4	5.0	8.0	5.8	8.4	7.6	12.2
Total workforce by gender	162.6	171.4	187.5	211.7	188.0	216.7	194.8	232.2	225.6	291.3
Total workforce	334.0		399.2		404.7		427.0		516.9	
Contingent workers ²	-		-		-		49.0		54.4	
Workforce by location (%)										
NSW	41	37	39	40	38	40	38	42	36	46
QLD	3	7	4	6	4	7	4	5	4	4
VIC	4	7	4	7	3	6	3	6	3	5
WA	1	0	1	1	1	1	1	1	1	1

1. From FY18, Dexus separates reporting of permanent and fixed-term employees.
2. Contractors, agency temps or consultants that performed work on a time and materials basis (e.g. a project with a defined beginning and end date).



Engagement and flexible working

Metric	FY15		FY16		FY17		FY18		FY19	
Employee engagement¹										
Survey participation rate (%)	83		70		70		82		75	
Engagement rate ² (%)	87		84		84		87		81 ²	
Employee Net Promoter Score ³	-		-		-		-		+40	
Flexible working										
	M	F	M	F	M	F	M	F	M	F
No. of flexible work arrangements ⁴	9	52	9	43	11	51	16	75	38	102

1. Engagement information is sourced directly from internal employee pulse surveys administered during the year. Dexus completes at least two pulse surveys every year. The figures reported above are sourced from the latest employee survey administered prior to year-end.
2. In FY19, Dexus began delivering employee engagement surveys at least twice annually, instead of a larger survey once every two years. Engagement scores reported in FY19 are thus not directly comparable to previous years and should not be considered indicative of a trend.
3. Based on a scale of -100 to +100
4. The number of flexible work arrangements reported include formal agreements where employees have indicated that they work part-time, work remotely or flexibly according to an agreed schedule, job share, receive extended leave without pay for a period greater than one month, or purchase additional annual leave. Informal flexible work arrangements where employees work remotely or vary their hours of work on an ad hoc basis are not included.



Inclusion and diversity

Gender diversity

Gender diversity in the workforce	FY15		FY16		FY17		FY18		FY19	
Dexus workforce by gender	%		%		%		%		%	
Female employees (FTE)	171.4	51	211.7	53	216.7	54	232.2	54	291.3	56
Male employees (FTE)	162.6	49	187.5	47	188.0	46	194.8	46	225.6	44
Total employees (FTE)	334.0		399.2		404.7		427.0		516.9	
Female employees (headcount)	-	-	-	-	-	-	249	56	310	58
Male employees (headcount)	-	-	-	-	-	-	199	44	229	42
Total employees (headcount)	-	-	-	-	-	-	448		539	
Gender diversity in management^{1,2}	%		%		%		%		%	
Females in senior management (FTE)	27.7	26	31.9	29	35.2	32	39.3	34	47.7	36
Males in senior management (FTE)	79.2	74	78.0	71	76.0	68	77.8	66	83.8	64
Total employees in senior management team (FTE)	106.9		109.9		111.2		117.1		131.5	
Females in senior management (headcount)	-	-	-	-	-	-	41	34	50	37
Males in senior management (headcount)	-	-	-	-	-	-	78	66	84	63
Total employees in senior management team (headcount)	-	-	-	-	-	-	119		134	
Females in executive team (headcount)	-	-	-	-	-	-	-	-	2	25
Males in executive team (headcount)	-	-	-	-	-	-	-	-	6	75
Total employees in executive team (headcount)	-	-	-	-	-	-	-	-	8	
Females in all management (headcount)	-	-	-	-	-	-	-	-	76	40
Males in all management (headcount)	-	-	-	-	-	-	-	-	112	60
Total employees at all management levels	-	-	-	-	-	-	-	-	188	
Board gender diversity	%		%		%		%		%	
Percentage of female Non-Executive Directors	43		50		43		43		43	
Percentage of male Non-Executive Directors	57		50		57		57		57	

1. Prior to FY19, Dexus reported on gender diversity in senior management based on FTE. From FY19, Dexus reports on gender diversity across a broader range of management levels based on headcount, and will no longer provide reporting on gender diversity using FTE. The use of headcount is consistent with the standards used by the Australian Government Workplace Gender Equality Agency and with other diversity metrics reported by Dexus.
2. FY19 data on gender diversity in senior management has been independently assured.

Commentary and methodology

All people data is taken from each year's headcount report as at 30 June, produced by Dexus People & Communities.

'Senior management' includes executive management and senior management positions within the Dexus workforce. Executive management and senior management positions include Dexus employees whose role is mapped to one of the following four occupational categories: 'CEO/head of business', 'KMP (key management personnel)', 'other executives/general managers', and 'senior managers', as outlined within worker classification guidance Standardised occupational categories of managers: February 2018 published by the Australian Government's Workplace Gender Equality Agency (WGEA).

'Non-Executive Directors' are independent directors of DXFM and does not include the CEO who is counted in the senior management team for the purposes of workforce reporting.



Cultural Diversity

Main cultural/ethnic identity	FY19
% of survey respondents	
Australian	68.6
South East Asian	6.4
United Kingdom	5.4
New Zealander	5.1
Western European	4.0
Other ethnicity not listed	3.0
Eastern European	1.9
North Asian	1.3
North American/Canadian	0.8
Middle Eastern	0.8
South African	0.8
African	0.5
South American	0.5
Pacific Islander	0.3
Maori	0.3

Commentary

Data is sourced from Dexus's September 2018 internal employee Pulse survey, which asked employees "How would you describe your own MAIN identity in cultural/ethnic terms?" Of the 441 employees asked to respond to the survey, 349 (79%) of employees provided a response to this question (excluding employees who selected "Prefer not to say").



Country of origin

Country/region of birth	FY19
% of survey respondents	
Australia	71.4
United Kingdom, Channel Islands and Isle of Man	5.1
New Zealand	4.3
Other country not listed, please specify	4.1
Chinese Asia (includes Mongolia)	1.9
Maritime South-East Asia	1.6
Western Europe	1.4
Southern and East Africa	1.4
Southern Asia	1.1
Eastern Europe	0.8
South Eastern Europe	0.5
Northern America	0.5
Ireland	0.5
South America	0.3
North Africa	0.3
Middle East	0.3
Melanesia	0.3
Mainland South-East Asia	0.3

Commentary

Data is sourced from Dexus's September 2018 internal employee Pulse survey, which asked employees "Which country were you born in?" Of the 441 employees asked to respond to the survey, 355 (80%) of employees provided a response to this question (excluding employees who selected "Prefer not to say").

Age diversity

Employee age range	FY18		FY19	
	M	F	M	F
% by headcount				
Under 30 years old by gender	7	12	6	15
Under 30 years old all employees	18		21	
30 to 50 years old by gender	31	36	30	37
30 to 50 years old all employees	68		66	
Over 50 years old by gender	8	6	7	6
Over 50 years old all employees	14		13	



Leave and absenteeism

Metric	FY15	FY16	FY17	FY18	FY19
Leave days taken (days)					
Annual leave	4,696	5,594	6,679	6,447	6,976
Long service leave	98	133	165	140	108
Parental leave unpaid	1,396	789	1,012	686	771
Parental leave paid	355	383	632	1,148	1,317
Sick and carers' leave	1,135	1,194	1,234	1,197	1,327
'Dexus days'	0	0	0	1,552	1,571
Leave without pay	325	353	391	256	296
Other leave	521	732	710	438	205
Absenteeism					
Absentee Rate (sick days lost per FTE) ¹	3.4	3.0	3.0	2.8	2.6

1. FY19 data independently assured.

Commentary and methodology

Leave data is gathered for each reporting period from payroll system records. The data is consolidated into the categories displayed in the report as follows:

- Annual leave: Annual leave only
- Long service leave: Long service leave only
- Parental leave unpaid: Parental leave unpaid only
- Parental leave paid: Primary and non-primary paid parental leave
- Sick and carers' leave: Sick leave, carers' leave only
- Dexus Days: additional annual leave
- Leave without pay: Leave without pay only
- Other leave: Study leave, volunteer leave, jury duty, special bereavement or compassionate leave, and purchased leave

Definitions

Absentee Rate (AR) – the number of personal leave days per full time equivalent workers employed is calculated as follows:

$$AR = \frac{\text{number of Sick and Carer Leave days}}{\text{number of full time equivalent employees}}$$



Work Health and Safety

Metric	FY15	FY16	FY17	FY18	FY19
Employee WH&S incidents					
Workplace injuries (No lost-time injuries/diseases)	0	7	8	18	19
Lost-time injuries/diseases	1	3	3	1	0
Occupational diseases	0	0	0	0	0
Fatalities	0	0	0	0	0
Lost Time Injury Incidence Rate (LTIIR)	0.30	0.75	0.74	0.23	0
Lost Time Injury Frequency Rate (LTIFR) ¹	1.64	4.12	4.06	1.28	0
Occupational disease rate (occurrences per million hours worked)	0	0	0	0	0
Lost day rate (days lost per million hours worked)	3.28	39.83	181.53	7.7	0
Employee relations matters					
Fraud, bribery and corruption	-	-	-	-	0
Discrimination	-	-	-	-	0
Privacy	-	-	-	-	0
Other Whistleblower matters	-	-	-	-	1
Other Employee Code of Conduct breaches	-	-	-	-	0
Employee relations matters	2	6	0	1	-

1. FY19 data independently assured.

Commentary and methodology

Work health and safety (WH&S) incidents account for all recorded incidents pertaining to Dexus employees and includes contractors employed directly by Dexus. The whistleblower matter raised in FY19 was investigated as per our Whistleblower Policy and found not to be a breach of legislation, regulation or Dexus policy.

Dexus assessed 100% of its own operations for human rights issues.

The system of rules applied in recording and reporting accident statistics include *Australian Standard 1885.1 1990, Workplace injury and disease recording standard* as well as definitions within disclosure 403-2 from *GRI 403: Occupational Health and Safety 2016*, from the Global Reporting Initiative (GRI) Standards.

Prior to FY19, employee relations matters were reported collectively as per the 'employee relations matters' row at the bottom of the table. There is no reporting for employee relations matters in FY19 because the matters are now reported according to the more detailed categories provided.

Definitions

No lost-time injuries/diseases – Those occurrences which were not lost-time injuries/diseases and for which first aid and/or medical treatment was administered

Lost-time injuries/diseases – Those occurrences that resulted in a fatality, permanent disability or time lost from work of one day/shift or more and is recorded via a WorkCover claim

Occupational disease – A disease arising from the work situation or activity (such as stress or regular exposure to harmful chemicals), or from a work-related injury

Fatalities – Fatalities that occur as a result of an injury or disease occurrence

Lost Time Injury Incidence Rate (LTIIR) – The number of occurrences of injury/disease for each one hundred full time equivalent employees is calculated as follows:

$$LTIIR = \frac{\text{number of lost time injuries/diseases}}{\text{number of full time equivalent employees}} \times 100$$



Lost Time Injury Frequency Rate (LTIFR) – The number of occurrences of injury or disease for each one million hours worked is calculated as follows:

$$LTIFR = \frac{\text{number of lost time injuries/diseases}}{\text{number of hours worked}} \times 1,000,000$$

Occupational disease rate (ODR) – The number of occurrences of occupational diseases for each one million hours worked is calculated as follows:

$$ODR = \frac{\text{number of occurrences of occupational diseases}}{\text{number of hours worked}} \times 1,000,000$$

Lost day rate (LDR) – The number of days lost to injuries/diseases for each one million hours worked is calculated as follows:

$$LDR = \frac{\text{days lost due to injuries/diseases}}{\text{number of hours worked}} \times 1,000,000$$

Where:

Number of hours worked in the period – Refers to the total scheduled number of hours worked by all Dexus employees as recorded at 30 June of each year. Dexus offers employees flexible work arrangements and staff are employed under individual contracts that stipulate 1824 hours per annum (equal to 240 days x 7.6 hours) for each full-time employee. As Dexus does not track employee working hours and staff do not engage in overtime or shift work, Dexus has defined the 'number of hours worked' as 1824 hours per annum per full-time employee.

Number of workers – Is defined as the number of workers who were employed by Dexus as recorded at 30 June 2019.

Headcount data for the purpose of these statistics represents the active Dexus workforce and is based on the metric 'Total Headcount (ongoing)' as defined by the Australian Public Service Commission (<https://www.apsc.gov.au/appendix-common-workforce-metrics>), as the number of *ongoing* employees directly employed by Dexus at the point in time described above.

Number of full time equivalent employees (FTEs) – Is defined as the number of workers who were employed by Dexus as recorded at 30 June 2019. Persons who were absent from work on extended paid or unpaid leave as recorded at 30 June 2019 are excluded from this calculation.

FTE data for the purpose of these statistics represents the active Dexus workforce, and is based on the metric 'Total FTE' as defined by the Australian Public Service Commission (<https://www.apsc.gov.au/appendix-common-workforce-metrics>), as the number of full-time equivalent employees directly employed by the organisation at a point in time where part-time employees are converted to full-time equivalent based on the hours they work as a proportion of the hours for a full-time employee.

Recruitment

Metric	FY15		FY16		FY17		FY18		FY19	
	M	F	M	F	M	F	M	F	M	F
Recruitment										
Total number of new hires	49	72	54	104	47	67	64	127	108	173
Collective bargaining arrangements										
Percentage of total employees eligible for collective bargaining agreements	100%		100%		100%		100%		100%	
Number of employees employed under collective bargaining agreements	0		0		0		0		0	
Percentage of total employees covered by collective bargaining agreements	0%		0%		0%		0%		0%	

Dexus does not have any collective agreements as all employees are employed under individual contracts which comply with the National Employment Standards (NES). All employees are covered by an Award or NES. These awards or standards clearly indicate the all employees are free to associate. Dexus places its employees on an individual agreement, which cannot under legislation, remove any rights an employee has under an award for NES.



Retention

Metric	FY15		FY16		FY17		FY18		FY19	
	M	F	M	F	M	F	M	F	M	F
Voluntary turnover rate (%)										
Executive management	10	0	0	0	8	0	17	0	0	0
Senior management	6	4	8	17	3	3	3	8	13	9
Middle management	10	8	12	14	22	19	21	41	7	12
Professional/technical	18	11	15	12	11	2	22	15	19	16
Administration/operations	17	15	20	14	40	32	4	18	11	20
Total voluntary turnover by gender	10	10	11	14	13	12	13	16	14	15
Total voluntary turnover	10		12		12		15		14	
All turnover (%)										
All turnover by gender	-	-	-	-	-	-	-	-	19	23
All turnover	-		-		-		-		21	
Parental leave and retention rates (%)										
Employees entitled to take parental leave ¹	-	-	187.5	211.7	188.0	216.7	181.8	216.2	218	276
Employees that took parental leave in reporting year ¹	-	-	3.0	4.0	6.0	8.6	7.0	14.0	5	23
Returned to work in reporting year after parental leave ¹	-	8.0	12.0	10.0	6.0	6.4	7.0	12.0	5	21
Return to work rate	-	-	100	91	100	94	100	86	100	91
Parental leave retention rate after 6 months	-	-	-	-	-	-	100	100	100	100
Parental leave retention rate after 12 months	-	-	100	91	100	88	100	92	100	100
Parental leave retention rate after 18 months	-	-	-	-	-	-	100	100	100	100

1. From FY19, Dexus reports parental leave and retention rates are based on headcount, prior years are based on FTE.

Commentary and methodology

The turnover calculation is a count of voluntary departures divided by the count of employees as at 30 June in each year. All relevant headcount data is taken from the headcount reports produced by Dexus People & Culture at 30 June each year.

The employee count reflects the total number of people employed by Dexus and accounts for circumstances such as flexible work arrangements and inactive employees on parental leave that are counted in full as departures.



Training and development

	FY15		FY16		FY17		FY18		FY19	
	M	F	M	F	M	F	M	F	M	F
Training hours by work category										
Executive management	1,154	174	235	95	474	94	689	222	644	145
Senior management	3,119	1,362	1,558	822	1,923	1,230	1,785	984	1,891	1,205
Middle management	1,217	2,195	1,297	1,245	664	433	582	462	582	550
Professional/technical	907	1,431	824	1,921	1,899	3,703	856	1,727	1,404	2,590
Administration/operations	208	883	218	613	408	1,107	263	438	308	1059
Total	6,604	6,045	4,132	4,696	5,367	6,566	4,175	3,833	4,829	5,547
Average training hours by work category										
Executive management	102		12		39.5	47.1	57.4	110.9	53.7	48.3
Senior management	47		12		30.1	37.0	27.1	26.4	26.3	18.7
Middle management	38		11		36.9	27.8	24.3	29.2	20.8	22.5
Professional/technical	27		9		26.4	33.7	12.2	13.6	16.1	16.8
Administration/operations	17		6		18.4	19.8	11.4	8.7	11.5	16.4
Average training hours by gender					28.5	30.3	21.4	16.5	21.4	19.0
Hours of internal and external training										
Internal	4,261		4,577		6,588		2,312		3,760	
External	4,761		1,155		2,609		1,898		2,389	
Hours of compliance training	3,626		3,097		2,736		3,798		4,228	
Performance reviews										
Performance reviews performed (%)	100	100	100	100	100	100	100	100	100	100

During the year, all employees received communication and completed training about policies and procedures related to fraud, anti-corruption and human rights. Employees are required to declare their compliance with Dexus's Code of Conduct on an annual basis. Anti-corruption policies and procedures are included as part of this compliance. Compliance training is compulsory for every employee.

Commentary and methodology

Training data is taken from the training database at the end of each reporting year. Data is categorised and consolidated to provide training hours completed for each category. Data includes compliance training covering Human Rights issues as well as the Dexus Code of Conduct which addresses discrimination, harassment and bullying.



Remuneration ratios

	FY15		FY16		FY17		FY18		FY19	
	M	F	M	F	M	F	M	F	M	F
Gender pay ratio (base salary) by employee band										
Executive management	1.3	1.0	1.3	1.0	1.0	1.0	1.0	1.0	1.1	1.0
Senior management	1.1	1.0	1.2	1.0	1.2	1.0	1.2	1.0	1.0	1.0
Middle management	1.1	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0
Professional/technical	1.1	1.0	1.2	1.0	1.2	1.0	1.1	1.0	1.1	1.0
Administration/operations	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.2	1.0
CEO/Employee compensation ratio¹										
Ratio of the CEO total annual compensation to the median employee total annual compensation	-	-	-	-	-	-	31.2:1	31.2:1	36.3:1	36.3:1
Ratio of the percentage increase in CEO total annual compensation to the percentage increase in median employee total annual compensation	-	-	-	-	-	-	3.3:1	3.3:1	14:-2 ²	14:-2 ²

1. Material references Disclosure 102-39 from GRI 102: General disclosures 2016. Source: Global Reporting Initiative (www.globalreporting.org)
2. In FY19, the large increase in total number of employees resulted in an overall decrease to median employee total annual compensation based on FY18. This results in a ratio with a negative denominator that cannot be reduced further.

Commentary and methodology

Salary represents an employee's package including fixed cash and superannuation. Category ratios are calculated by taking the average male salary and comparing it to the average female salary. Location ratios are calculated by taking the average male salary and comparing it to the average female salary, where number of employees is 10 or more, according to the employee's physical work location.



Future Enabled Customers and Strong Communities

These customer experience, community contribution and supply chain management data tables support the performance reporting within Dexus's 2019 [Sustainability Performance Pack](#).

For background on our management frameworks and procedures for customer experience, community contribution and supply chain, please refer to the 2019 [Disclosures on Management Approach](#).

Customer experience

	FY15	FY16	FY17	FY18	FY19
Surveyed overall satisfaction with Property Manager (score out of 10)					
Office	8.0	8.1	8.0	8.3	8.6
Industrial	7.4	7.6	8.1	8.3	8.6
Overall average	7.9	8.0	8.0	8.3	8.6
Target	8.0	8.0	8.0	8.0	8.3
Net Promoter Score (score between -100 and +100)					
Office	+28	+35	+31	+33	+46
Industrial	-7	+6	+30	+28	+45
Combined	+23	+28	+31	+32	+46
Survey participation rate (%)					
Office	33	41	45	46	48
Industrial	15	28	27	45	46
Overall average	28	37	41	46	48

Green leases

Take-up of green leases within new lease agreements (%)	FY15	FY16	FY17	FY18	FY19
Office	82	91	90	97	92
Industrial	45	57	55	68	62
Retail	98	95	88	100	100
Total portfolio	77	88	84	91	90

Commentary

Dexus has incorporated a standard green lease clause into new leases across the portfolio and monitors the take-up of this clause by customers across each portfolio.



Community contribution

Volunteering and donations

	FY15	FY16	FY17	FY18	FY19
Value donated or raised					
Corporate donations (\$)	241,053	180,842	214,052	296,078	263,118
Employee volunteering activities (\$)	65,806	89,779	75,191	74,858	147,189
In-kind support (\$)	712,295	532,646	437,258	626,596	794,729
Total (\$)	1,019,154	803,268	726,501	997,532	1,205,035
Hours volunteered					
Dexus volunteering program (hours)	792	1,049	853	878	1,711

Commentary and methodology

Charitable donations: Activities comprise:

- Financial contributions to nominated charities
- Direct financial contributions to nominated charities and not-for-profit organisations plus proceeds from fundraising events held by charitable organisations within Dexus-managed buildings and shopping centres
- Community sponsorships, advertising and promotions
- A dollar-for-dollar matching program
- The value of goods purchased for charity events and appeals

In-kind support: Dexus offers in-kind support to not-for-profit organisations or community groups to support their cause/fundraising activities and includes the provision of goods or services and the value of space provided in the building at no charge.

Volunteering: Employee volunteering activities include:

- Volunteering leave taken in company time by Dexus employees to undertake community work
- Participation on charity committees/boards where the individual is acting in the capacity as a Dexus employee

Volunteer hours are calculated as the total full time equivalent hours worked by employees in nominated community and charitable activities, capped at 7.6 hours per employee which is equivalent to Dexus's volunteering leave entitlement.



Supply chain

Procurement and supply chain monitoring	FY15	FY16	FY17	FY18	FY19
Critical suppliers	-	131	113	111	96
Critical suppliers % of operational spend	-	37	42	45	38
Supplier Net Promoter Score ¹	-	-	-	+67	+66
Supplier assessment and monitoring					
Supplier engagement assessment response rate (%)	22	-	38	35	68
Assessment coverage of operational spend (%)	-	19	14	26	38
Contractor monitoring spot checks conducted	-	44 ²	919	1,190	1,163
Contractor monitoring coverage of operational spend (%)	-	13 ²	36	39	41

1. Net Promoter Score is based on a range of -100 to +100.
2. Tracking commenced during reporting year.

Commentary and methodology

Dexus defines a critical supplier as one whose services are required daily for the normal operation of a building. Critical suppliers are retained on a centralised Preferred Supplier List.

Operational procurement spend breakdown	%	Environmental and social risk rating (key risks)
Statutory fees and levies	22%	Very low
Capital Works	22%	High (safety, product country of origin human rights, product recyclability, worker skill levels, appropriate wages and benefits, subcontracting)
Cleaning	10%	High (appropriate wages and benefits, migrant labour, safe handling of chemicals, waste environmental impacts)
Energy	9%	Medium (greenhouse gas emissions, land degradation, price and supply reliability)
Maintenance & other property expenses	5%	Low
Mechanical & vertical transport	5%	Medium (safety, working in confined spaces, accreditation systems)
Security	5%	Medium (safety, worker skill levels, public relations)
Management expenses	4%	Very low
External facilities managers	4%	Very low
Marketing and leasing	4%	Low
Electrical, fire protection and plumbing	3%	Low
Legal, insurance and compliance	2%	Low
Façade	2%	High (product country of origin human rights, product recyclability, worker skill levels, appropriate wages and benefits, safety)
Water	2%	Medium

Commentary and methodology

Operational spend data is collected from Dexus's financial system and assigned to a spend category based on the supplier name and the code attributed to the spend item. Risk ratings are based on a periodic group-wide supply chain sustainability risk assessment that identifies and categorises the environmental risks relevant to our geographical operations and the types of products and services we procure. For more information on our approach to supply chain management please refer to the 2019 Disclosures on Management Approach.

Numbers do not add to 100 because of rounding.



Enriched Environment

The environmental data in this section supports the performance reporting in the 2019 [Sustainability Performance Pack](#).

For background on the management frameworks and procedures that support our environmental performance refer to the 2019 [Disclosures on Management Approach](#).

Glossary

Acronym	Definition
CFCs	Chlorofluorocarbons (CFCs) are nontoxic, non-flammable chemicals containing atoms of carbon, chlorine, and fluorine. CFCs are believed to be a major cause of stratospheric ozone depletion
GBCA	Green Building Council of Australia (new.gbca.org.au)
GHG	Greenhouse gas emissions, measured in equivalent tonnes of carbon dioxide (t CO ₂ -e)
GHG Protocol	The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – guidance on accounting and reporting greenhouse gas emissions (ghgprotocol.org)
Greenhouse Gas Protocol: Scope 2 Guidance	Guidance on accounting and reporting scope 2 emissions (ghgprotocol.org/scope_2_guidance)
GreenPower	Emission-free electricity sourced via a certified GreenPower Product (www.greenpower.gov.au)
Green Star	An environmental rating tool, administered by the GBCA for commercial design and construction, used to evaluate a building's impact against eight categories
HCFCs	Hydrochlorofluorocarbons (HCFCs) are compounds containing carbon, hydrogen, chlorine and fluorine. Industry and the scientific community view certain chemicals within this class of compounds as acceptable temporary alternatives to chlorofluorocarbons. The HCFCs have shorter atmospheric lifetimes than CFCs and deliver less reactive chlorine to the stratosphere where the "ozone layer" is found
NABERS	National Australian Built Environment Rating System (www.nabers.gov.au)
SIP	Strategic Improvement Plan, prepared by Dexus that capture energy, water and waste improvement opportunities and forecast a pathway towards resource efficiency targets
TCFD	Task Force on Climate-related Financial Disclosure – a working group that has developed a set of recommendations for voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders (www.fsb-tcfd.org)

Resource consumption methodology

The resource consumption data is derived from office, industrial and retail properties under the operational control of Dexus for part or all of the 12 months ending 30 June 2019 with the inclusion of Dexus corporate tenancies.

Dexus has applied the principles contained within the National Greenhouse and Energy Reporting (NGER) Act 2007 and its associated guidelines to determine the operational control of its properties across Australia and New Zealand. Dexus has operational control of a facility if it has the authority to introduce and implement any or all of the operating, health and safety and environmental policies for the facility. Dexus excludes energy consumption from tenant spaces where the tenant receives separately metered energy invoices and excludes whole facilities where they are leased to a single tenant occupying the entire premises.

Dexus also included water usage from nine current and eight previously managed industrial properties where water is purchased by Dexus and consumed by customers and Dexus for property maintenance, e.g. landscaping.

Refer to the Dexus 2019 Assurance Criteria for further details including the list of consumption and emission sources, and references for factors that have been applied. The 2019 Assurance Criteria is available in the [sustainability reporting library](#).

Like-for-like data has been based on a portfolio whereby operational control and data for energy and water was available for the full 24-month like-for-like period.

Dexus has reviewed its environmental dataset to fully align with NGER by adding minor source items and confirming calculation methods and factors. Non-material historical figures have been applied to all years since the 2008 base year and have been restated for consistency. Prior years' data has been updated to reflect current information where applicable resulting in minor restatements. Repetition only occurs when there is an overlap of reporting periods. There may be small discrepancies in the totals in some tables due to rounding.

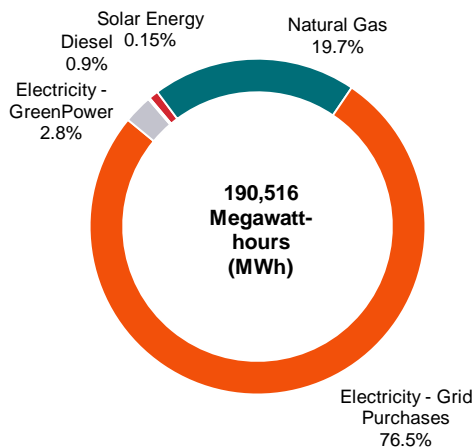


Group managed portfolio - environmental inventory

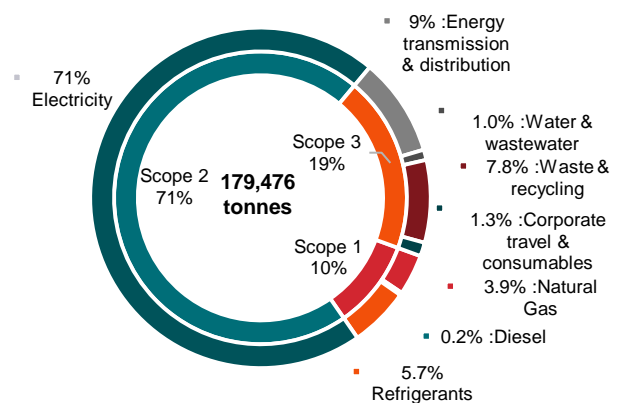
Metric	Base year ¹	FY15	FY16	FY17	FY18	FY19
Greenhouse gas emissions (t CO₂-e) – Group managed portfolio						
Scope 1	6,226	15,881	17,680	19,688	18,919	17,596
Scope 2 (location-based)	151,951	137,785	136,789	128,883	131,158	126,941
Subtotal Scope 1 & 2	158,176	153,666	154,469	148,571	150,077	144,538
Scope 3 – property portfolio	27,630	33,520	34,389	34,859	35,593	32,603
Scope 3 – corporate operations	--	1,452	1,906	1,869	1,859	2,335
Total Scopes 1, 2 & 3⁴	185,807	188,638	190,764	185,298	187,529	179,476
Energy and water consumption						
Total net energy consumption (GJ) ⁴	735,723	730,059	755,788	727,759	723,475	685,856
Total net energy consumption (MWh)	204,367	202,794	209,941	202,155	200,965	190,516
Water consumption (kL) ⁴	1,499,044	1,705,457	1,760,370	1,814,143	1,869,236	1,820,791
Waste and recycling						
Waste to Landfill (tonnes)	4,475	8,109	8,083	9,468	10,451	9,721
Recycling (tonnes) ²	4,118	7,104	6,546	7,014	7,002	6,327
Total Waste (tonnes)^{2,4}	8,593	15,214	14,629	16,482	17,453	16,048
Waste data coverage across portfolio ³	74%	93%	95%	98%	99%	100%

1. FY08 represents the group's base year for energy, water and greenhouse gas emissions. FY12 represents the group's base year for waste diversion from landfill.
2. Excludes secure paper.
3. Coverage by net lettable area across office and retail portfolio, excludes industrial properties as Dexus does not manage waste.
4. FY19 data independently assured.

FY19 primary energy use by source (MWh)



FY19 greenhouse gas emissions by source (location-based)



The inventory above represents the group's managed portfolio on an operational control basis. Emissions calculations follow a 'location-based' approach, which involves accounting for electricity purchases using published average grid emission factors, as defined within [The Greenhouse Gas Protocol: Scope 2 Guidance](#).

Nominated data metrics have undergone independent assurance as indicated in table footnotes.

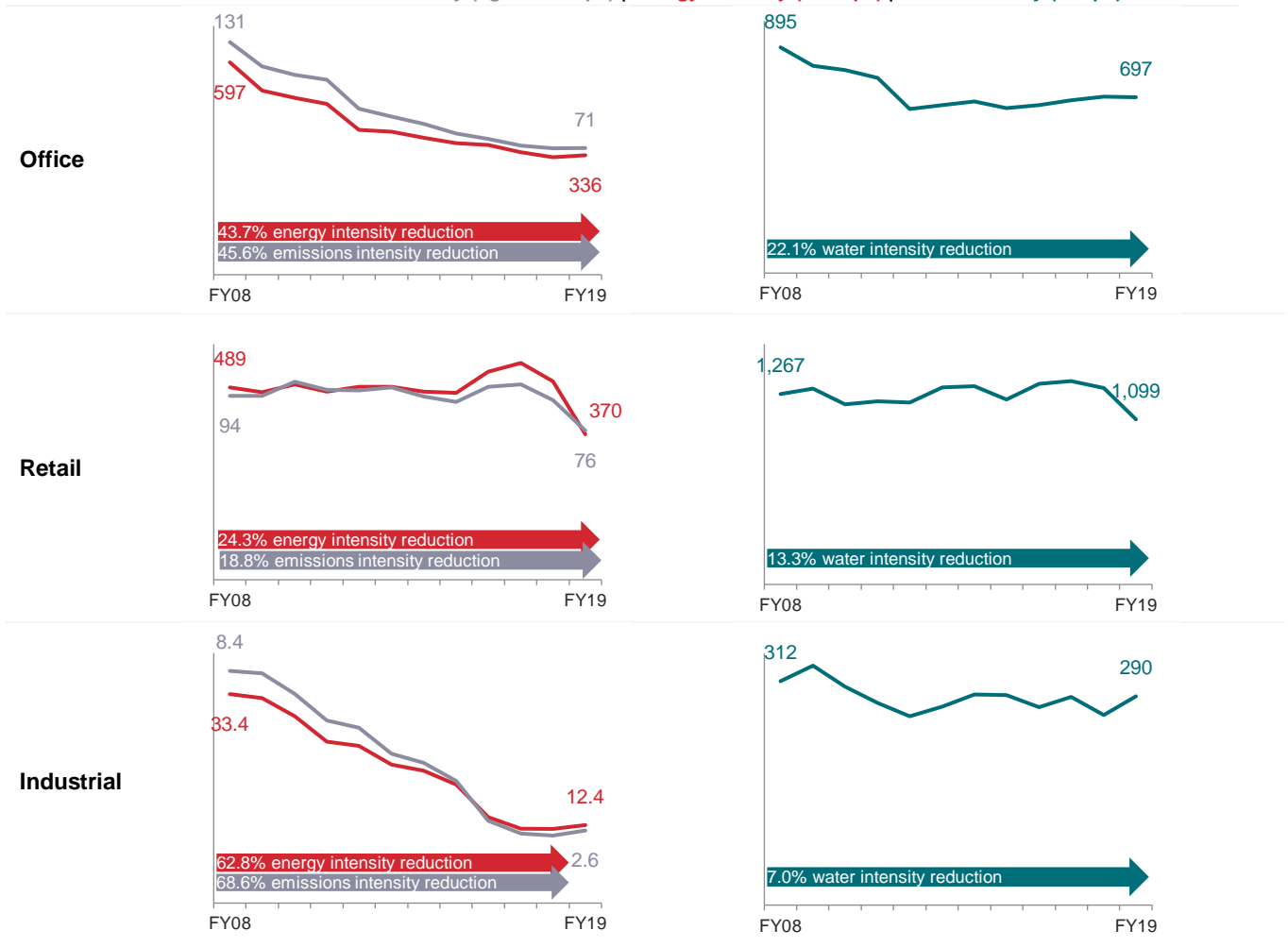


Group managed portfolio - Consumption/emissions on an intensity basis

Metric	Managed portfolio				Like-for-like ²		12 month change	
	Base year ¹	FY17	FY18	FY19	FY18	FY19		
Group Office portfolio	Energy consumption (MJ/sqm)	597	344	331	336	330	329	-0.1%
	Water consumption (L/sqm)	895	684	699	697	717	719	0.2%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	131	73	71	71	71	71	-0.9%
	Waste diversion from landfill (%)	51%	48%	45%	42%	44%	42%	-5.8%
Group Retail portfolio	Energy consumption (MJ/sqm)	489	552	505	370	422	394	-6.6%
	Water consumption (L/sqm)	1,267	1,354	1,309	1,099	1,136	1,103	-2.9%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	94	100	92	76	81	77	-5.2%
	Waste diversion from landfill (%)	30%	33%	33%	35%	38%	37%	-2.7%
Group Industrial portfolio	Energy consumption (MJ/sqm)	33.4	11.9	11.9	12.4	11.7	12.8	9.5%
	Water consumption (L/sqm)	312	290	264	290	265	305	15.3%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	8.4	2.5	2.4	2.6	2.4	2.7	11.9%

1. FY08 represents the group's base year for energy, water and greenhouse gas emissions. FY12 represents the group's base year for waste diversion from landfill.
2. Properties under management for FY17 and FY18 periods.

GHG emissions intensity (kg CO₂-e/sqm) | Energy intensity (MJ/sqm) | Water intensity (L/sqm)





Group managed portfolio – Market-based emissions inventory

In conjunction with Dexus's target to achieve net zero greenhouse gas (GHG) emissions by 2030, Dexus is adopting market-based emissions accounting.

Taking into account direct (Scope 1) and indirect (Scopes 2 and 3) operational emission sources, Dexus will continue to use published factors, including NGER and Australia's National Greenhouse Accounts to determine its ongoing emissions footprint, in accordance with the GHG Protocol. Dexus will take into account purchases of renewable energy through direct Power Purchase Agreements or through GreenPower, in accordance with the market-based approach to Scope 2 accounting defined within the GHG Protocol Scope 2 Guidance.

Dexus's goal incorporates Scope 3 emission sources where Dexus controls the emissions outcome, including upstream energy-related emissions and emissions resulting from waste from operations and water & wastewater use.

On the pathway to net zero, Dexus will only use certified carbon offsets where all efforts to avoid, reduce and re-source emissions related activities have been exhausted, or should the need to accelerate the transition across all emissions sources arise.

Metric		FY08	FY15	FY16	FY17	FY18	FY19
Grid-purchased electricity							
Electricity – grid-purchases accounted using average grid emission factors	GJ	559,884	506,789	532,072	517,629	540,139	524,597
	MWh	155,523	140,775	147,798	143,786	150,038	145,721
Electricity – GreenPower purchases accounted using source-based emission factor supported by an energy attribute certificate	GJ	55,103	40,110	26,847	19,525	12,111	18,990
	MWh	15,306	11,142	7,457	5,424	3,364	5,275
Total grid-purchased electricity	GJ	614,987	546,899	558,919	537,154	552,250	543,587
	MWh	170,830	151,916	155,255	149,209	153,403	150,996
Market-based GHG emissions (t CO ₂ -e)							
Scope 1 GHG emissions (t CO ₂ -e)		6,226	15,881	17,680	19,688	18,919	17,596
Scope 2 market-based GHG emissions (t CO ₂ -e), comprising:		138,150	127,467	129,802	123,876	128,339	122,516
<i>Electricity – grid-purchases accounted using average grid emission factors</i>		138,150	127,467	129,802	123,876	128,339	122,516
<i>Electricity – GreenPower purchases accounted using source-based emission factor supported by an energy attribute certificate</i>		0	0	0	0	0	0
Scope 3 GHG emissions (t CO ₂ -e)		27,630	33,540	35,377	36,111	37,050	34,409
Scope 1, 2 & 3 market-based GHG emissions (t CO₂-e)		172,006	176,888	182,859	179,675	184,307	174,521
Voluntary offsetting							
Voluntary offsets surrendered by Dexus ¹		0	2,700	2,700	3,000	3,000	3,725
Net GHG emissions (t CO₂-e)		172,006	174,188	180,159	176,675	181,307	170,796

1. Offsets comprise eligible offset units, each relating to 1 tonne of carbon dioxide equivalent, recognised under Australia's [Carbon Neutral Offset Standard](#).

The inventory above represents the group's managed portfolio on an operational control basis.

Emissions calculations follow a 'market-based' approach which involves accounting separately for electricity purchases using a source-based emission factor supported by an 'energy attribute certificate', and separately for electricity purchases using published average grid emission factors, as defined within [The Greenhouse Gas Protocol: Scope 2 Guidance](#).



Dexus corporate operations - Voluntary greenhouse gas abatement

Dexus is a signatory to Australia's Carbon Neutral Program which is administered by the Federal Department of the Environment. An emissions inventory is developed annually in line with the program's National Carbon Offset Standard (NCOS) across Dexus's Corporate Operations.

In 2011 Dexus was the first real estate investment trust in Australia to achieve a carbon neutral certification for our head office. Since then, the reporting boundary has been expanded across Corporate Operations, including:

- Dexus office tenancies for Sydney, Brisbane and Melbourne, and proportion of base building services attributable to those tenancies
- Corporate travel and employee commuting for all staff employed directly by Dexus nationally

The group has offset:

- Direct emissions from refrigeration and electricity usage
- Indirect tenancy-related emissions including waste and recycling, office paper use and stationary, water & wastewater, telecommunications, IT equipment and data warehousing, and catering
- Indirect employee-related emissions including corporate air travel, car mileage claimed for national employees, taxi travel, hire cars and employee commuting



Metric	FY15 ¹	FY16	FY17	FY18	FY19
Greenhouse gas emissions (t CO ₂ -e)					
Scope 1	1	1	1	1	0
Scope 2	284	248	266	311	379
Scope 3 comprising the following:	2,330	2,312	2,246	2,269	2,794
<i>tenancies and base building energy/refrigerants</i>	431	390	365	389	443
<i>office paper use and waste</i>	25	24	18	19	19
<i>corporate travel</i>	1,040	927	898	1,039	1,095
<i>employee commuting</i>	420	501	507	561	528
<i>IT, catering, accommodation, water use</i>	414	471	458	261	709
Avoided emissions from renewable energy purchased by Dexus	-16	0	-2	0	-4
Avoided emissions from carbon neutral products purchased by Dexus	0	0	0	-6	-6
Total emissions (scopes 1, 2 & 3)	2,599	2,561	2,512	2,575	3,164
Voluntary carbon abatement (t CO ₂ -e)					
Carbon offsets purchased and retired by Dexus	2,700	2,700	2,700	3,000	3,725

1. 2015: Boundary expanded to include Brisbane Office and additional scope 3 sources.



NABERS ratings – Office portfolio

NABERS portfolio average ²	Like-for-like basis ¹				Absolute basis ¹					
	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Dexus portfolio										
NABERS Energy	3.2	3.6	3.9	4.7	4.6	4.7	4.8	4.8	4.9	5.1
NABERS Energy performance	2.8	3	3.5	4.2	4.4	4.4	4.5	4.5	4.7	4.9
NABERS Water	2.6	3.1	3.3	3.5	3.5	3.8	3.7	3.6	3.6	3.5
Dexus Office Partnership										
NABERS Energy					4.8	4.8	4.9	4.9		4.9
NABERS Energy performance					4.7	4.7	4.7	4.8		4.7
NABERS Water					3.9	3.9	3.9	3.7		3.7
Funds Management portfolio										
NABERS Energy	3.3	3.9	4	4.1	4.5	4.7	4.8	4.9	4.9	4.9
NABERS Energy performance	2.8	3.3	3.7	3.7	4.2	4.4	4.4	4.6	4.7	4.7
NABERS Water	2.5	2.7	3	3.2	3.3	3.6	3.6	3.7	3.6	3.5
Dexus Wholesale Property Fund										
NABERS Energy	2.6	3.3	3.9	3.8	4.2	4.5	4.6	4.8	4.8	4.8
NABERS Energy performance	2	2.9	3.6	3.4	4	4.1	4.2	4.5	4.6	4.7
NABERS Water	2	1.9	3	3	3	3.2	3.3	3.3	3.3	3.2
Dexus group office portfolio										
NABERS Energy	3.3	3.7	3.9	4.5	4.6	4.7	4.8	4.8	4.9	5.0
NABERS Energy performance	2.8	3.1	3.5	4	4.3	4.4	4.5	4.6	4.7	4.8
NABERS Water	2.4	3	3.2	3.4	3.5	3.7	3.7	3.6	3.6	3.5

1. Dexus commenced reporting our NABERS portfolio on an absolute basis from FY14.
2. As at 30 June each year.

NABERS ratings – Retail portfolio

NABERS portfolio average ¹	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Dexus Wholesale Property Fund – managed portfolio									
NABERS Energy	2	2.5	2.5	3.5	3.9	3.4	3.1	3.5	4.0
NABERS Water	3.5	4	4	4.2	4.1	4.2	3.2	3.5	3.8
Funds Management portfolio – managed portfolio									
NABERS Energy	3.1	3.9	3.9	3.7	3.9	3.6	3.3	3.5	3.9
NABERS Water	3.2	3.7	4.4	4.1	4.1	4.1	3.5	3.5	3.6

1. As at 30 June each year.



Progress against commitments and performance targets

Progress: Group's FY20 5 star NABERS commitment

In FY15, Dexus committed to deliver by 2020:

- 1,000,000 square metres of office space rated at least 5 star NABERS Energy rating
- 1,000,000 square metres of office space rated at least 4 star NABERS Water rating

The table below reports on performance against the five year target, which is reported in absolute terms on a like-for-like basis against the FY15 baseline.

NABERS metrics	FY15	FY16	FY17	FY18	FY19	Change against FY15 baseline
Rated at 5 star NABERS energy or higher (sqm)	597,320	707,432	634,594	892,393	950,351	353,031
Progress against NABERS energy target	60%	71%	63%	89%	95%	35%
Rated at 4 star NABERS water or higher (sqm)	770,270	706,963	615,884	615,074	757,423	-12,847
Progress against NABERS water target	77%	71%	62%	62%	76%	-1%

Progress: Group's FY20 10% energy reduction commitment

In FY15, Dexus committed to reduce energy consumption and emissions across the group by a further 10% by 2020 using the FY15 baseline including exploring opportunities for renewables.

The table below reports on performance against the five year target, which is reported in absolute terms on a like-for-like basis against the FY15 baseline.

Dexus achieved a 10.9% reduction in like-for-like energy consumption and a 12.4% reduction in like-for-like Scope 1 and 2 greenhouse gas emissions in FY19, one year earlier than the FY20 target, and has retired this commitment.

Metric	FY15	FY16	FY17	FY18	FY19	Change against FY15 baseline
Energy consumption (GJ)	522,781	521,662	494,255	479,492	465,638	-10.9%
Energy consumption (MWh)	145,217	144,906	137,293	133,192	129,344	-10.9%
Scope 1 and 2 greenhouse gas emissions (t CO ₂ -e)	112,553	109,415	104,080	101,633	98,604	-12.4%

Commentary

The FY15 like-for-like boundary includes all properties under operational control that were within the reporting boundary for a continuous period between 1 July 2014 and 30 June 2019, and excludes properties acquired, divested and those where their net lettable area (NLA) has increased or decreased by 15% or more in the reporting year when measured against FY15.



Progress: Achieve net zero emissions by 2030 across managed portfolio

In FY18, Dexus committed to achieve net zero emissions across its managed portfolio by 2030, as part of its New Energy, New Opportunities strategy.

The table below reports on Dexus’s total Scope 1, 2 and 3 (market-based) emissions, voluntary abatement, and total net greenhouse gas emissions since FY18.

Net zero by 2030 progress (t CO ₂ -e)	FY18	FY19	FY30 target
Total Scope 1 & 2 market-based GHG emissions	147,258	140,112	
Scope 3 market-based GHG emissions	37,050	34,409	
Voluntary abatement via Certified Offsets	-3,000	-3,725	
Total net greenhouse gas emissions	181,307	170,796	0

Progress: Scope 1 and 2 science-based target, 70% reduction by 2030 against FY18 baseline

In FY19, Dexus received certification from the Science Based Targets initiative that its Scope 1 and 2 target of a 70% reduction by 2030 (FY18 baseline) is aligned with the ambitions of the UN Paris Agreement. Dexus’s science-based target is part of Dexus’s pathway to achieve net zero emissions by 2030.

Scope 1 & 2 science-based target progress	FY18	FY19	FY30 target
Dexus Scope 1 emissions (t CO ₂ -e)	18,919	17,596	
Dexus Scope 2 market-based emissions (t CO ₂ -e)	128,339	122,516	
Dexus Scope 1 & 2 market-based emissions (t CO₂-e)	147,258	140,112	44,396
Net lettable area (sqm)	3,051,721	3,101,390	



Voluntary greenhouse gas abatement

Metric	FY15	FY16	FY17	FY18	FY19
Low carbon energy (MWh)					
Volume of GreenPower procured/committed	11,142	7,457	5,424	3,364	5,275
Electricity generated from solar energy	106	183	276	292	292
Electricity generated from cogeneration	2,027	2,008	2,205	1,354	909
Electricity from renewable & low carbon sources (MWh)	13,275	9,648	7,904	5,009	6,476
Emissions abatement from renewable sources (t CO ₂ -e)					
GreenPower purchases (Scope 2 & 3)	11,750	7,905	5,623	3,221	4,955
Electricity from solar energy (Scope 2 & 3)	105	169	240	250	245
Emissions abatement from low carbon sources (t CO ₂ -e)					
Avoided grid-purchased electricity emissions (Scope 2 & 3)	2,680	2,704	2,929	2,090	1,327
Natural gas emissions for generation (Scope 2 & 3)	-1,870	-1,781	-1,757	-1,042	-750
Net abatement (Scope 2 & 3)	810	923	1,172	1,048	577
Total emissions abatement from use of electricity from renewable & low carbon sources (t.CO₂-e)	12,666	8,997	7,035	4,519	5,777
% of group emissions that have been abated	6.3%	4.5%	3.7%	2.4%	3.1%

Energy Savings Scheme

Energy Savings Certificates (ESCs)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
ESCs created ¹	8,608	17,004	42,814	22,303	33,796	4,599	11,915	6,932
ESCs traded ¹	0	0	32,446	58,093	15,934	18,052	16,514	0

1. Includes 25,389 ESCs transferred to Dexu for properties acquired within the Dexu Office Partnership in April 2014.

Dexu creates Energy Savings Certificates (ESCs) through participation in the NSW Energy Savings Scheme (ESS) for improvements in base building energy efficiency. The NSW Government scheme is administered by the NSW Independent Pricing and Regulatory Tribunal. ESCs are earned for each demonstrated tonne of carbon dioxide saved. Each ESC is equivalent to 1 tonne of carbon dioxide equivalent (t CO₂-e).



Dexus group portfolio - Environmental metrics

Energy consumption and production by source

Energy		FY08 ¹	FY15	FY16	FY17	FY18	FY19
Energy consumption (MWh)							
Non-renewable	Diesel	266	866	1,514	1,540	1,342	1,770
	Natural Gas	33,272	49,905	52,989	51,130	45,929	37,457
	Electricity – grid-purchases	155,523	140,775	147,798	143,786	150,038	145,721
Renewable	Electricity – GreenPower purchases	15,306	11,142	7,457	5,424	3,364	5,275
	Solar energy	0	106	183	276	292	292
Electricity consumed from on-site thermal and solar generation		106	2,480	2,796	3,096	2,182	1,909
Total non-renewable energy consumption		189,061	191,546	202,301	196,456	197,309	184,948
Total energy consumption		204,474	205,274	212,738	205,251	203,148	192,424
Energy production (MWh)							
Electricity produced from thermal and solar generation for on-site use		106	2,480	2,796	3,096	2,182	1,909
Electricity generated and exported off site		0	0	0	0	0	0
Total energy production		106	2,480	2,796	3,096	2,182	1,909
Net energy consumption (MWh)							
Total net energy consumption		204,367	202,794	209,941	202,155	200,965	190,516
Proportion of group energy consumption from renewable sources (%)		7.5%	5.5%	3.6%	2.8%	1.8%	2.9%

1. FY08 represents the group's base year.

Net energy consumption comprises energy that is consumed within properties as measured at the property boundary and excludes energy produced or consumed within a property through energy transformations such as cogeneration.

Net energy consumption excludes energy that is purchased by Dexus and on-sold to customers. Dexus does not consume or export steam, heating or cooling from/to district thermal sources.

Water consumption by source

Water consumption (kL or cubic metres)		FY08 ¹	FY15	FY16	FY17	FY18	FY19
Office		839,884	980,722	1,073,496	1,091,949	1,151,697	1,151,463
Retail		370,229	393,995	378,637	401,340	423,834	334,727
Industrial		288,931	326,871	297,949	312,839	283,138	329,636
Total potable water consumption (kL)		1,499,044	1,701,588	1,750,082	1,806,128	1,858,668	1,815,826
Recycled water recovery			3,869	10,288	8,015	10,568	4,964
Total water consumption including recycled water (kL)		1,499,044	1,705,457	1,760,370	1,814,143	1,869,236	1,820,791
Proportion of water use from recycled sources (%)		0.0%	0.2%	0.6%	0.4%	0.6%	0.3%

1. FY08 represents the group's base year.



Reported water consumption comprises potable water purchased from local water utilities, plus on-site water treatment to recycle water at 1 Bligh Street Sydney, 123 Albert Street Brisbane and 145 Ann Street Brisbane, in which greywater is collected from the building's showers and hand basins and recycled in a treatment plant for reuse in within the building and for irrigation.

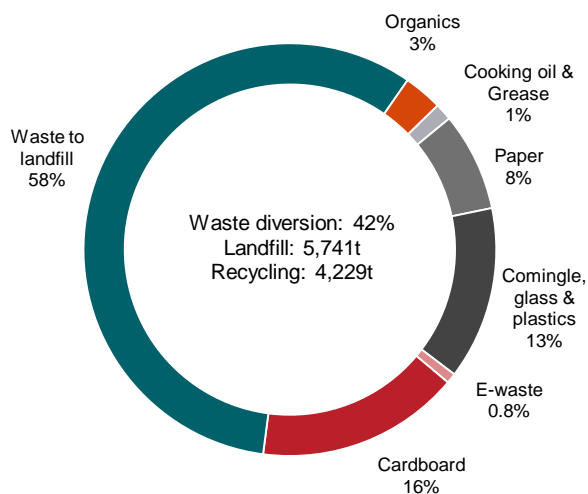
Dexus does not consume fresh surface water. Dexus consumes an immaterial amount of bore water at Willows Shopping Centre from a rechargeable source which is not included in the figures for water consumption.

Waste and recycling from property operations by stream

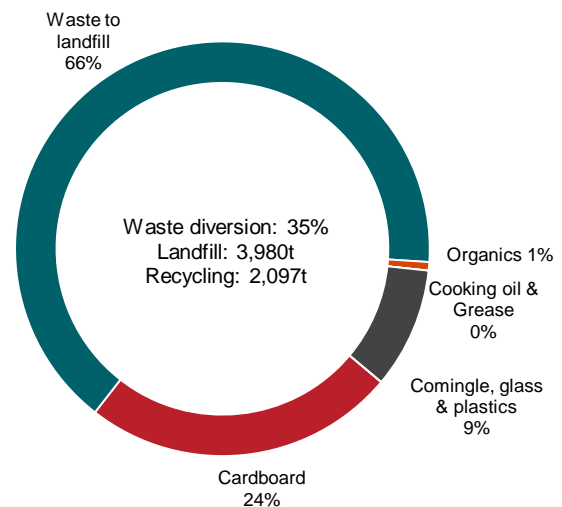
FY19 waste stream (tonnes)	Office	Retail	
Dexus managed waste collection			
Cardboard	1,592	1,484	Sent to Environment Protection Agency (EPA) licensed receiving facilities that process into raw materials for new products or packaging or on transferred to waste to energy recovery facilities for combustion.
Paper	771	0	
Comingle	1,352	573	
Organics and used cooking oil	437	40	Sent to EarthPower or similar receiving facility for conversion to green energy and nutrient-rich fertiliser. Energy is produced through the burning of bio gasses that are produced by the bacteria that digest the organic waste. The digested organic component can then be processed into a fertiliser pellet.
E-waste	78	0	Collected by MRI and sent to their handling facilities for structured disassembly with recovery rate of over 96%.
Waste to landfill	5,741	3,980	Sent directly to landfill or to receiving stations that may process the waste within a bio-reactor to produce energy, conduct downstream material separation and recycling and/or on transferred to waste to energy recovery facilities for combustion.
Total waste & recycling (tonnes)	9,971	6,077	
Tenant managed waste collection outside Dexus's waste reporting boundary			
Secure paper	76	0	

In FY19 there were no significant spills of waste or hazardous materials. There was no solid or liquid waste (deemed hazardous under the Basel Convention Annex) transported locally from one location to another for treatment.

FY19 Operational waste by stream (tonnes)
Office



FY19 Operational waste by stream (tonnes)
Retail





Emissions of ozone depleting substances

	FY08	FY15	FY16	FY17	FY18	FY19
Emissions of ozone depleting substances (t CFC-11e)	n/a	0.9	0.2	1.2	1.2	1.2

Dexus does not produce CFCs, HCFCs, halon or methyl bromide. Minor amounts of gases are used in air conditioning units across properties under management. Ozone-depleting substances are being phased out as required.

Greenhouse gas emissions by gas type

Greenhouse gas emissions (t CO ₂ -e)	FY08	FY15	FY16	FY17	FY18	FY19
Direct greenhouse gas emissions						
Carbon Dioxide (CO ₂)	6,207	9,414	10,186	9,849	8,836	7,376
Methane (CH ₄)	12	18	20	19	17	14
Nitrous Oxide (N ₂ O)	7	6	7	7	6	5
Hydrofluorocarbons (HFCs)	0	6,443	7,467	9,814	10,059	10,200
Sulphur Hexafluoride (SF ₆)	0	0	0	0	0	0
Perfluorocarbon (PFC)	0	0	0	0	0	0
Nitrogen Trifluoride (NF ₃)	0	0	0	0	0	0
Scope 1 GHG emissions	6,226	15,881	17,680	19,688	18,919	17,596
Indirect greenhouse gas emissions						
Scope 2 GHG emissions	151,951	137,785	136,789	128,883	131,158	126,941
Scope 3 GHG emissions	27,630	34,972	36,295	36,728	37,452	34,938

Dexus has determined its emissions resulting from the common greenhouse gases reported under the Kyoto Protocol, being carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and Nitrogen Trifluoride (NF₃).

Emissions are aggregated into carbon dioxide equivalents (CO₂-e) using factors called global warming potentials (GWPs).

Greenhouse gas emissions by source

Greenhouse gas emissions (t CO ₂ -e)	FY08	FY15	FY16	FY17	FY18	FY19
Diesel	67	217	383	389	339	447
Natural Gas	6,159	9,222	9,830	9,485	8,520	6,949
Refrigerants	0	6,443	7,467	9,814	10,059	10,200
Electricity – location-based	151,951	137,785	136,789	128,883	131,158	126,941
Total Scope 1 & 2 GHG emissions	158,176	153,666	154,469	148,571	150,077	144,538
Energy transmission and distribution	26,304	21,195	20,269	19,503	19,035	16,775
Waste to landfill	0	8,920	10,508	11,362	12,541	11,665
Recycled waste	0	2,640	2,527	2,791	2,783	2,402
Water & wastewater	1,326	765	1,084	1,203	1,233	1,761
Corporate sources	0	1,452	1,906	1,869	1,859	2,335
Total Scope 3 GHG emissions	27,630	34,972	36,295	36,728	37,452	34,938



Dexus (DXS) portfolio – Environmental metrics

Dexus portfolio – Absolute and like-for-like inventories

Metric	Absolute				Like-for-like ²		12 month change	
	Base year ¹	FY17	FY18	FY19	FY18	FY19		
Energy consumption (MWh)								
Non-renewable energy	Diesel	182	581	574	733	435	534	22.7%
	Natural Gas	23,211	25,183	20,917	16,396	13,952	13,291	-4.7%
	Electricity – grid-purchases	83,016	62,674	65,636	62,116	50,280	48,627	-3.3%
Renewable energy	Electricity – GreenPower purchases	2,105	2,398	1,738	2,708	1,622	2,184	34.6%
	Solar Energy	0	136	151	151	151	151	-0.1%
Total non-renewable energy consumption		106,409	88,438	87,128	79,246	64,667	62,452	-3.4%
Total energy consumption		108,514	90,972	89,016	82,105	66,439	64,786	-2.5%
Percent energy use from renewable sources		1.9%	2.8%	2.1%	3.5%	2.7%	3.6%	
Water (kL or cubic metres)								
Potable water from water authorities		737,147	853,797	840,448	801,059	691,044	704,513	1.9%
Recycled water recovery		0	2,733	4,491	1,884	4,491	1,884	-58.0%
Total water consumption incl. recycled water		737,147	856,530	844,939	802,943	695,535	706,398	1.6%
Percent water use from recycled sources		0.0%	0.3%	0.5%	0.2%	0.6%	0.3%	
Waste and recycling (tonnes)								
Waste to landfill		1,513	3,242	3,729	3,160	2,755	2,590	-6.0%
Recycled waste		1,665	2,699	2,732	2,315	2,180	1,861	-14.6%
Total waste		3,178	5,941	6,461	5,475	4,935	4,451	-9.8%
Diversion from landfill		52.4%	45.4%	42.3%	42.3%	44.2%	41.8%	-5.3%
Percent waste data coverage (office & retail)		69%	99%	100%	100%	100%	100%	0.0%
Greenhouse gas emissions (t CO ₂ -e)								
Scope 1		4,335	8,876	8,125	7,310	6,175	6,201	0.4%
Scope 2 – location based		78,702	55,690	56,897	53,890	43,704	42,492	-2.8%
Total Scope 1 & 2 location-based GHG emissions		83,037	64,566	65,021	61,200	49,879	48,693	-2.4%
Scope 2 adjustment due to GreenPower purchases		-1,971	-2,227	-1,446	-2,232	-1,350	-1,802	33.5%
Total Scope 1 & 2 market-based GHG emissions		81,066	62,340	63,575	58,968	48,529	46,891	-3.4%
Scope 3 location-based GHG emissions		14,614	14,106	14,524	12,637	11,296	10,338	-8.5%
Scope 3 adjustment due to GreenPower purchases		-346	-272	-208	-272	-195	-219	12.7%
Total Scope 1, 2 & 3 location-based GHG emissions		97,651	78,672	79,545	73,838	61,175	59,031	-3.5%
Total Scope 1, 2 & 3 market-based GHG emissions		95,334	76,173	77,890	71,334	59,630	57,010	-4.4%
Equity-accounted lettable area under operational control (annual weighted average square metres)								
Office		528,437	816,042	840,382	829,686	662,179	662,476	0.0%
Retail		9,459	22,589	24,048	20,423	18,753	18,722	-0.2%
Industrial		646,721	610,600	602,637	581,944	566,588	505,737	-10.7%
Energy and emissions productivity (market-based)								
Revenue (\$m)		702	1,119	1,126	1,125			
Energy productivity (\$m revenue per GJ consumed)		1,798	3,417	3,512	3,804	2.12x energy productivity		
Scope 1 & 2 emissions productivity (\$m revenue/t.CO ₂ -e)		8,662	17,953	17,705	19,070	2.20x emissions productivity		
Scope 1, 2 & 3 emissions productivity (\$m revenue/t.CO ₂ -e)		7,366	14,693	14,451	15,764	2.14x emissions productivity		

1. FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
2. Properties under management for FY18 and FY19 periods.

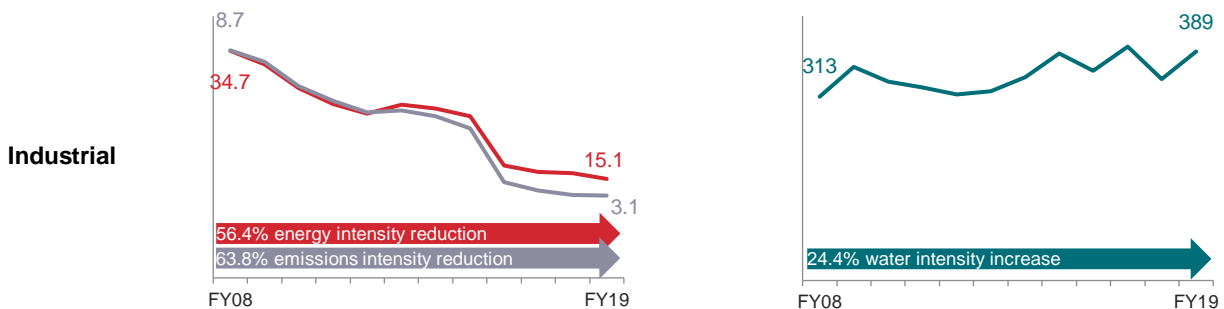
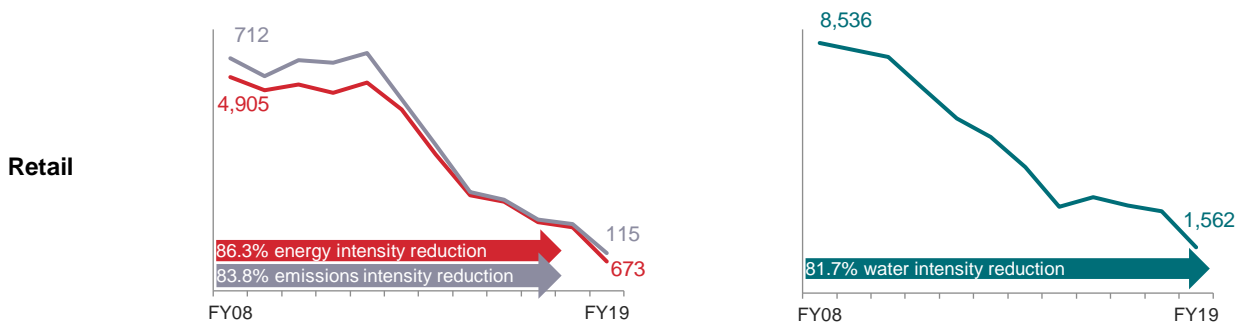


Dexus portfolio - Consumption/emissions on an intensity basis

Metric	Whole portfolio				Like-for-like ²		12 month change	
	Base year ¹	FY17	FY18	FY19	FY18	FY19		
Office portfolio	Energy consumption (MJ/sqm)	609	345	328	329	325	319	-1.7%
	Water consumption (L/sqm)	859	666	674	654	694	691	-0.5%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	134	71	69	69	69	67	-2.0%
	Waste diversion from landfill	52%	49%	44%	42%	44%	41%	-7.1%
Retail portfolio	Energy consumption (MJ/sqm)	4,905	1,583	1,457	673	798	735	-8.0%
	Water consumption (L/sqm)	8,536	2,994	2,798	1,562	1,784	1,704	-4.5%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	712	218	204	115	134	126	-6.2%
	Waste diversion from landfill	n/a	33%	33%	45%	43%	45%	3.2%
Industrial portfolio	Energy consumption (MJ/sqm)	34.7	16.2	16.0	15.1	16.0	15.8	-1.4%
	Water consumption (L/sqm)	313	398	343	389	350	425	21.6%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	8.7	3.3	3.2	3.1	3.3	3.2	2.9%

1. FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
2. Properties under management for FY18 and FY19 periods.

GHG emissions intensity (kg CO₂-e/sqm) | Energy intensity (MJ/sqm) | Water intensity (L/sqm)





Funds Management portfolio – Environmental metrics

Funds Management portfolio– Absolute and like-for-like inventories

Metric	Base year ¹	Absolute			Like-for-like ²		12 month change	
		FY17	FY18	FY19	FY18	FY19		
Energy consumption (MWh)								
Non-renewable energy	Diesel	42	599	534	569	502	515	2.7%
	Natural Gas	4,856	13,241	12,290	12,579	11,708	11,655	-0.5%
	Electricity – grid-purchases	44,112	56,948	57,531	58,007	47,133	46,892	-0.5%
Renewable energy	Electricity – GreenPower purchases	614	1,824	1,038	1,782	958	1,668	74.1%
	Solar Energy	0	121	121	120	121	120	-1.1%
Total energy consumption (MWh)		49,624	72,734	71,515	73,057	60,422	60,850	0.7%
Percent energy use from renewable sources		1.2%	2.7%	1.6%	2.6%	1.8%	2.9%	
Water (kL or cubic metres)								
Potable water from water authorities		458,758	703,767	749,166	768,271	623,934	644,215	3.3%
Recycled water recovery		0	2,733	4,491	1,884	4,491	1,884	-58.0%
Total water consumption incl. recycled water		458,758	706,500	753,657	770,155	628,425	646,099	2.8%
Percent water use from recycled sources		0.0%	0.4%	0.6%	0.2%	0.7%	0.3%	
Waste and recycling (tonnes)								
Waste to landfill		2,872	4,540	4,843	4,956	3,991	3,964	-0.7%
Recycled waste		1,494	2,833	2,771	2,592	2,449	2,178	-11.1%
Total waste		4,366	7,373	7,614	7,549	6,440	6,142	-4.6%
Diversion from landfill		34.2%	38.4%	36.4%	34.3%	38.0%	35.5%	-6.8%
Percent waste data coverage (office & retail)		88%	96%	98%	100%	100%	100%	0.0%
Greenhouse gas emissions (t CO ₂ -e)								
Scope 1		908	6,167	6,193	6,604	5,543	5,829	5.2%
Scope 2 – location based		42,298	49,873	49,505	50,393	41,272	41,315	0.1%
Total Scope 1 & 2 location-based GHG emissions		43,205	56,040	55,698	56,997	46,816	47,145	0.7%
Scope 2 adjustment due to GreenPower purchases		-627	-1,604	-876	-1,514	-810	-1,421	75.4%
Total Scope 1 & 2 market-based GHG emissions		42,578	54,436	54,821	55,483	46,005	45,724	-0.6%
Scope 3 location-based GHG emissions		7,146	14,892	14,696	14,497	12,119	11,671	-3.7%
Scope 3 adjustment due to GreenPower purchases		-95	-214	-124	-179	-114	-168	47.1%
Total Scope 1, 2 & 3 location-based GHG emissions		50,352	70,932	70,393	71,494	58,935	58,816	-0.2%
Total Scope 1, 2 & 3 market-based GHG emissions		49,630	69,114	69,393	69,800	58,010	57,227	-1.3%
Equity-accounted lettable area under operational control (annual weighted average square metres)								
Office		212,653	519,945	524,126	536,093	494,977	493,830	-0.2%
Retail		193,886	243,976	268,957	256,000	174,068	173,566	-0.3%
Industrial		210,164	468,453	470,244	554,714	468,891	528,973	12.8%

1. FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
2. Properties under management for FY18 and FY19 periods.

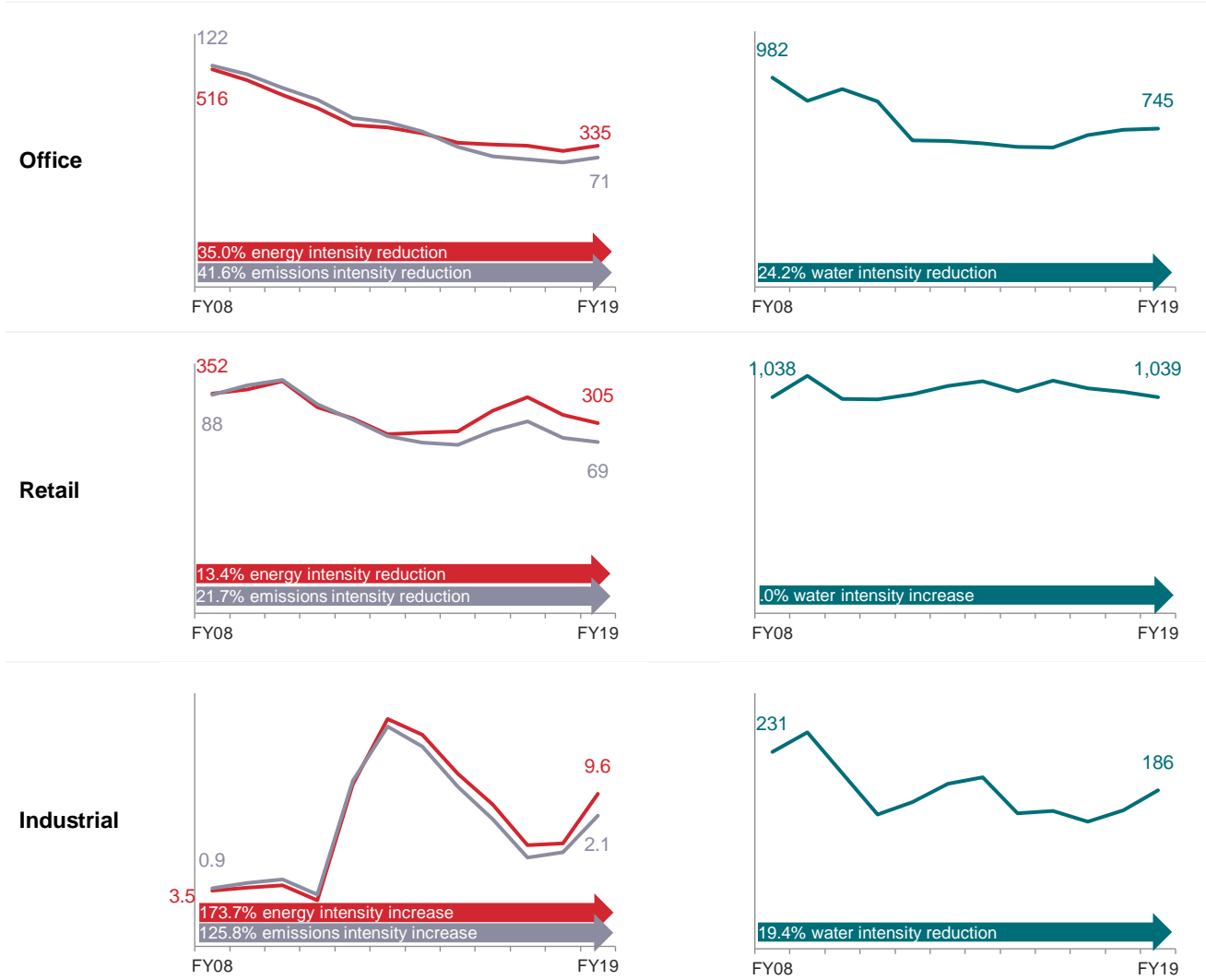


Funds Management portfolio - Consumption/emissions on an intensity basis

Metric	Whole portfolio				Like-for-like ²		12 month change	
	Base year ¹	FY17	FY18	FY19	FY18	FY19		
Office portfolio	Energy consumption (MJ/sqm)	516	335	322	335	324	330	1.8%
	Water consumption (L/sqm)	982	712	737	745	748	755	0.9%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	122	70	69	71	70	71	1.5%
	Waste diversion from landfill	43%	45%	43%	42%	42%	41%	-3.7%
Retail portfolio	Energy consumption (MJ/sqm)	352	347	318	305	310	292	-5.6%
	Water consumption (L/sqm)	1,038	1,080	1,065	1,039	1,020	982	-3.7%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	88	77	70	69	66	63	-4.4%
	Waste diversion from landfill	30%	32%	32%	29%	34%	31%	-8.2%
Industrial portfolio	Energy consumption (MJ/sqm)	3.5	6.4	6.5	9.6	6.5	10.0	53.4%
	Water consumption (L/sqm)	231	149	162	186	162	191	17.6%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	0.9	1.4	1.5	2.1	1.5	2.1	44.2%

1. FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
2. Properties under management for FY18 and FY19 periods.

GHG emissions intensity (kg CO₂-e/sqm) | Energy intensity (MJ/sqm) | Water intensity (L/sqm)





Dexus Wholesale Property Fund portfolio – Environmental metrics

Dexus Wholesale Property Fund – Absolute and like-for-like inventories

Metric	Absolute				Like-for-like ²		12 month change	
	Base year ¹	FY17	FY18	FY19	FY18	FY19		
Energy consumption (MWh)								
Non-renewable energy	Diesel	0	444	351	329	341	301	-11.9%
	Natural Gas	3,379	5,194	4,512	5,079	4,308	4,641	7.7%
	Electricity – grid-purchases	20,212	32,046	32,416	34,284	26,329	26,683	1.3%
Renewable energy	Electricity – GreenPower purchases	465	780	205	516	152	467	207.8%
	Solar Energy	0	117	116	114	116	114	-1.6%
Total energy consumption (MWh)		24,056	38,581	37,600	40,323	31,246	32,207	3.1%
Percent energy use from renewable sources		1.9%	2.3%	0.9%	1.6%	0.9%	1.8%	
Water (kL or cubic metres)								
Potable water from water authorities		217,760	405,412	438,236	434,988	363,587	364,587	0.3%
Recycled water recovery		0	2,548	1,586	1,196	1,586	1,196	-24.6%
Total water consumption incl. recycled water		217,760	407,960	439,822	436,184	365,173	365,783	0.2%
Percent water use from recycled sources		0.0%	0.6%	0.4%	0.3%	0.4%	0.3%	
Waste and recycling (tonnes)								
Waste to landfill		1,068	2,447	2,687	2,626	2,200	1,990	-9.6%
Recycled waste		563	1,327	1,292	1,213	1,116	942	-15.5%
Total waste		1,632	3,774	3,979	3,839	3,316	2,932	-11.6%
Diversion from landfill		34.5%	35.2%	32.5%	31.6%	33.7%	32.1%	-4.5%
Percent waste data coverage (office & retail)		79%	93%	96%	100%	100%	100%	0.0%
Greenhouse gas emissions (t CO ₂ -e)								
Scope 1		624	2,713	2,784	3,245	2,464	2,811	14.1%
Scope 2 – location based		20,901	27,523	27,258	29,010	22,354	22,821	2.1%
Total Scope 1 & 2 location-based GHG emissions		21,526	30,235	30,042	32,255	24,818	25,632	3.3%
Scope 2 adjustment due to GreenPower purchases		-494	-704	-181	-459	-137	-419	205.7%
Total Scope 1 & 2 market-based GHG emissions		21,032	29,531	29,860	31,796	24,681	25,213	2.2%
Scope 3 location-based GHG emissions		3,301	10,214	10,003	10,482	8,515	8,647	1.5%
Scope 3 adjustment due to GreenPower purchases		-69	-90	-24	-50	-17	-46	163.1%
Total Scope 1, 2 & 3 location-based GHG emissions		24,827	40,449	40,044	42,737	33,334	34,279	2.8%
Total Scope 1, 2 & 3 market-based GHG emissions		24,263	39,656	39,839	42,228	33,179	33,814	1.9%
Equity-accounted lettable area under operational control (annual weighted average square metres)								
Office		107,188	263,133	268,439	283,221	260,921	259,792	-0.4%
Retail		62,978	133,099	149,562	136,061	88,631	88,011	-0.7%
Industrial		85,343	305,361	305,969	325,984	305,969	306,353	0.1%

1. FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
2. Properties under management for FY18 and FY19 periods.

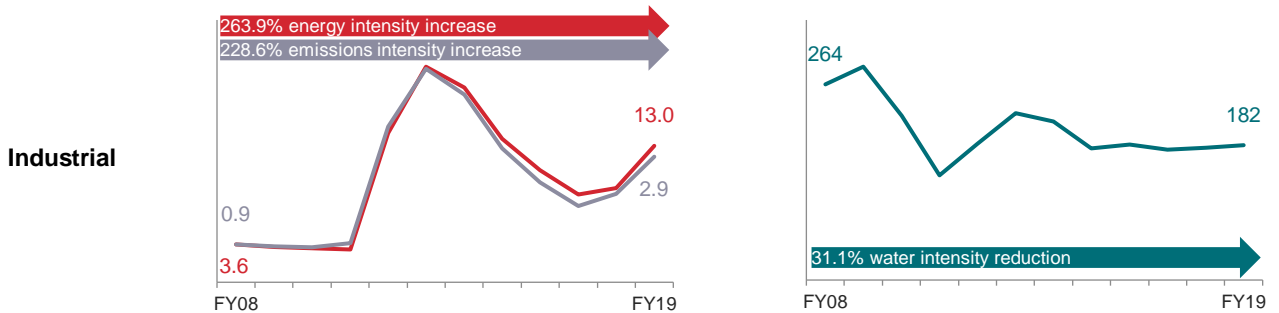
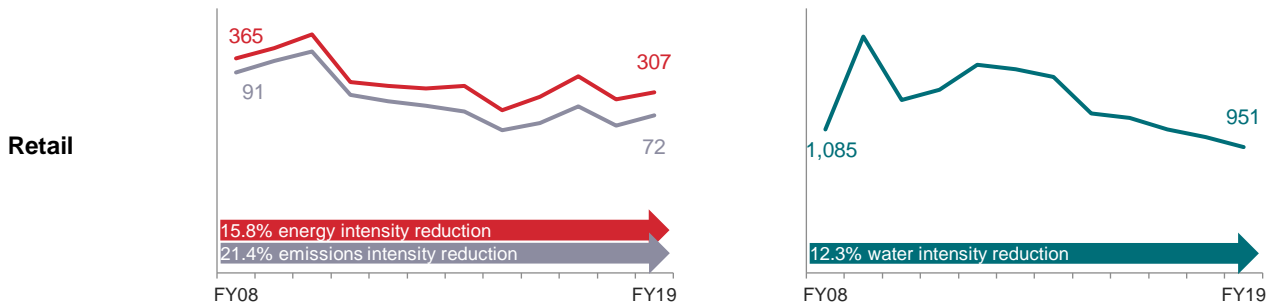
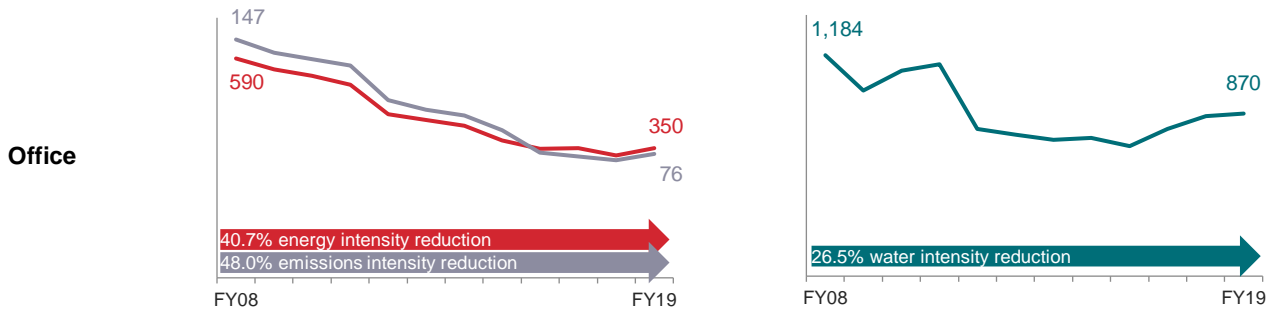


Dexus Wholesale Property Fund - Consumption/emissions on an intensity basis

Metric	Whole portfolio				Like-for-like ²		12 month change	
	Base year ¹	FY17	FY18	FY19	FY18	FY19		
Office portfolio	Energy consumption (MJ/sqm)	590	349	329	350	325	342	5.2%
	Water consumption (L/sqm)	1,184	789	857	870	843	864	2.5%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	147	75	72	76	72	75	4.8%
	Waste diversion from landfill	42%	45%	42%	42%	42%	42%	-1.6%
Retail portfolio	Energy consumption (MJ/sqm)	365	335	295	307	282	261	-7.5%
	Water consumption (L/sqm)	1,085	1,084	1,029	951	1,007	934	-7.2%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	91	76	67	72	62	59	-5.0%
	Waste diversion from landfill	27%	27%	27%	25%	28%	26%	-6.9%
Industrial portfolio	Energy consumption (MJ/sqm)	3.6	8.3	9.0	13.0	9.0	13.9	54.3%
	Water consumption (L/sqm)	264	175	178	182	178	189	6.3%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	0.9	1.7	2.0	2.9	2.0	3.0	51.1%

- FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
- Properties under management for FY18 and FY19 periods.

GHG emissions intensity (kg CO₂-e/sqm) | Energy intensity (MJ/sqm) | Water intensity (L/sqm)





Dexus Office Trust portfolio – Environmental metrics

Dexus Office Trust – Absolute and like-for-like inventories

Metric	Base year ¹	Absolute			Like-for-like ²			
		FY17	FY18	FY19	FY18	FY19	12 month change	
Energy consumption (MWh)								
Non-renewable energy	Diesel	182	535	508	681	369	482	30.6%
	Natural Gas	16,506	18,078	16,908	12,791	11,235	10,877	-3.2%
	Electricity – grid-purchases	50,842	47,328	50,227	46,254	38,156	35,798	-6.2%
Renewable energy	Electricity – GreenPower purchases	1,599	2,262	1,376	2,469	1,260	1,944	54.3%
	Solar Energy	0	136	151	151	151	151	-0.1%
Total energy consumption (MWh)	69,130	68,339	69,169	62,345	51,171	49,251	-3.8%	
Percent energy use from renewable sources	2.3%	3.5%	2.2%	4.2%	2.8%	4.3%		
Water (kL or cubic metres)								
Potable water from water authorities	387,939	505,470	526,613	463,740	409,452	393,566	-3.9%	
Recycled water recovery	0	2,733	4,491	1,884	4,491	1,884	-58.0%	
Total water consumption incl. recycled water	387,939	508,203	531,104	465,624	413,943	395,450	-4.5%	
Percent water use from recycled sources	0.0%	0.5%	0.8%	0.4%	1.1%	0.5%		
Waste and recycling (tonnes)								
Waste to landfill	965	2,744	3,213	2,668	2,371	2,207	-6.9%	
Recycled waste	1,166	2,266	2,344	1,932	1,874	1,536	-18.0%	
Total waste	2,131	5,011	5,556	4,600	4,245	3,743	-11.8%	
Diversion from landfill (%)	54.7%	45.2%	42.2%	42.0%	44.1%	41.0%	-7.0%	
Percent waste data coverage (office & retail)	58%	98%	100%	100%	100%	100%	0.0%	
Greenhouse gas emissions (t CO ₂ -e)								
Scope 1	3,096	6,961	6,824	5,907	5,257	5,159	-1.9%	
Scope 2 – location based	48,686	42,264	43,581	40,425	33,270	31,618	-5.0%	
Total Scope 1 & 2 location-based GHG emissions	51,782	49,226	50,406	46,332	38,526	36,777	-4.5%	
Scope 2 adjustment due to GreenPower purchases	-1,502	-2,087	-1,146	-2,036	-1,049	-1,606	53.0%	
Total Scope 1 & 2 market-based GHG emissions	50,281	47,139	49,260	44,296	37,477	35,171	-6.2%	
Scope 3 location-based GHG emissions	8,589	12,902	13,441	12,112	10,869	10,347	-4.8%	
Scope 3 adjustment due to GreenPower purchases	-262	-258	-165	-248	-151	-195	29.2%	
Total Scope 1, 2 & 3 location-based GHG emissions	60,371	62,128	63,846	58,445	49,395	47,124	-4.6%	
Total Scope 1, 2 & 3 market-based GHG emissions	58,607	59,784	62,535	56,161	48,195	45,323	-6.0%	
Equity-accounted lettable area under operational control (annual weighted average square metres)								
Office	345,258	639,784	664,444	643,655	531,160	512,659	-3.5%	
Retail	9,459	22,589	24,048	20,423	18,753	18,722	-0.2%	

1. FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
2. Properties under management for FY18 and FY19 periods.

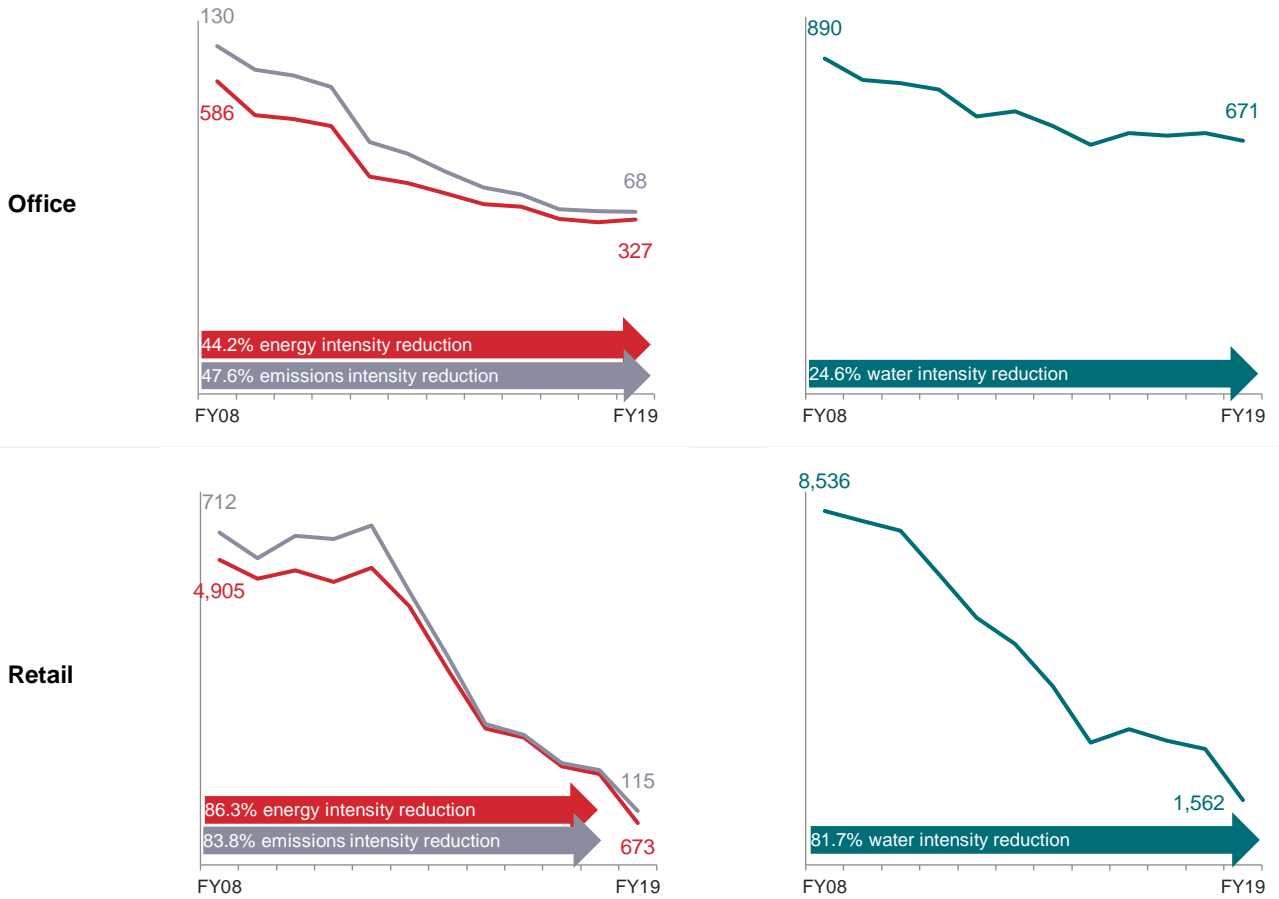


Dexus Office Trust - Consumption/emissions on an intensity basis

Metric	Whole portfolio				Like-for-like ²		12 month change	
	Base year ¹	FY17	FY18	FY19	FY18	FY19		
Office portfolio	Energy consumption (MJ/sqm)	586	329	322	327	319	319	0.1%
	Water consumption (L/sqm)	890	684	691	671	708	705	-0.3%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	130	69	68	68	68	67	-1.0%
	Waste diversion from landfill	55%	49%	45%	41%	44%	40%	-9.6%
Retail portfolio	Energy consumption (MJ/sqm)	4,905	1,583	1,457	673	798	735	-8.0%
	Water consumption (L/sqm)	8,536	2,994	2,798	1,562	1,784	1,704	-4.5%
	Scope 1 & 2 emissions (kgCO ₂ -e/sqm)	712	218	204	115	134	126	-6.2%
	Waste diversion from landfill	n/a	33%	34%	45%	44%	45%	3.2%

- FY08 is the base year for energy, water and greenhouse gas emissions. FY12 is the base year for waste diversion from landfill.
- Properties under management for FY18 and FY19 periods.

GHG emissions intensity (kg CO₂-e/sqm) | Energy intensity (MJ/sqm) | Water intensity (L/sqm)



Disclosures on Management Approach

2019

dexus



Detailed description of Dexus's approach to managing material issues, aligned with the GRI Standards reporting framework

Introduction

The Dexus 2019 Disclosures on Management Approach, or DMA series, explains how Dexus manages the economic, environmental and social impacts related to its business. This DMA series supports Dexus's disclosure against the Global Reporting Initiative (GRI) Standards, which prescribes organisations to disclose details of their approaches to managing material topics identified through the materiality process.

The DMA series should be read in conjunction with our performance reporting contained in the following disclosures:

- [2019 Annual Report](#) – An integrated summary of the value created across Dexus's key resources and the Consolidated Financial report
- [2019 Sustainability Performance Pack](#) – Comprehensive sustainability reporting that supports the results outlined in the 2019 Annual Report
- [2019 Sustainability Data Supplement](#) – Comprehensive disclosure of sustainability/ESG datasets aligned with reporting frameworks including the GRI Standards
- [2019 Corporate Governance Statement](#) – Dexus's corporate governance framework, reconciled against the principles of the ASX Corporate Governance Principles and Recommendations – Third Edition

Contents

We have structured the Dexus 2019 DMA series to align with Dexus's value creation outcomes as reported in our 2019 Annual Report. The value creation outcomes are also the objectives of Dexus's [Sustainability Approach](#).

Value creation outcome	Disclosure on Management Approach
Sustained Value	Page 4
Leading Cities	Page 14
Thriving People	Page 24
Future Enabled Customers and Strong Communities - including Supply Chain	Page 33 - Page 40
Enriched Environment	Page 49

Management approach by material issue

The table below provides a reference for where our approach to managing material issues is provided across the Dexus 2019 DMA series. Please refer to the [2019 GRI Index](#) for a comprehensive reference of content related to material issues across Dexus's Annual Reporting Suite.



Material issue	Disclosure on Management Approach					Issue boundary
	Sustained Value	Leading Cities	Thriving People	Future Enabled Customers and Strong Communities	Enriched Environment	
Biodiversity						All properties within the Dexus group portfolio
Climate change impacts						All properties within the Dexus group portfolio
Corporate governance and transparency						Dexus platform
Customer attraction and retention						Customers occupying properties within the Dexus group portfolio
Customer engagement						Customers occupying properties within the Dexus group portfolio
Economic impact on local communities						All properties within the Dexus group portfolio
Economic performance	Refer to Dexus 2019 Annual Report					Dexus portfolio owned and managed by DXS Security holders
Emissions						All properties within the Dexus group portfolio
Energy efficiency						All properties within the Dexus group portfolio
Equal remuneration						Dexus employees
Health, safety and security						All persons occupying or visiting Dexus managed properties
Human capital development						Dexus employees
Human rights						Dexus employees, suppliers and customers

Material issue	Disclosure on Management Approach					Issue boundary
	Sustained Value	Leading Cities	Thriving People	Future Enabled Customers and Strong Communities	Enriched Environment	
Inclusion and diversity						Dexus employees
Market volatility	Refer to Dexus 2019 Annual Report					All properties within the Dexus group portfolio
Risk and crisis management						Dexus platform
Supply chain management						Suppliers to Dexus across all properties within the Dexus group portfolio
Talent attraction and retention						Dexus employees
Waste management						All properties within the Dexus group portfolio
Water use						All properties within the Dexus group portfolio

Dexus Sustainability Approach

Dexus's Sustainability Approach is aligned with our corporate strategy by supporting the creation of sustained value by integrating material environmental, social and governance (ESG) issues into our business model. We integrate our Sustainability Approach into the business to effectively manage emerging ESG risks and secure long-term value creation opportunities. The approach incorporates five objectives which collectively direct our sustainability focus towards addressing the issues considered to be most material for our stakeholders.

As a signatory to the United Nations-supported Principles for Responsible Investment (PRI), the Dexus Sustainability Approach also incorporates the PRI's 'six principles' relating to responsible investment and active property management.



1 Sustained Value



Disclosure on Management Approach

Creating sustained value through effective management of environmental, social and governance issues.

Dexus's Sustainability Approach is the lens that we use to identify, prioritise and address the environmental, social and governance (ESG) issues that matter most to our stakeholders. The key objectives of our Sustainability Approach (Leading Cities, Thriving People, Future Enabled Customers and Strong Communities, and Enriched Environment) set out priorities and approaches to managing stakeholder issues that collectively support the overarching objective of Sustained Value creation. The disclosures across each key objective area support the objective of sustained value, while the Sustained Value section of our Disclosures on Management Approach focuses on corporate governance and risk management. The section supports the disclosures within the Annual Report on material issues of market volatility and economic performance.

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

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

Our governance approach aims to:

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

1.1 Corporate governance framework

Our corporate governance approach supports the group's strategic objectives. The group's governance structure ensures accountability and a balance of authority by clearly defining the roles and responsibilities of the Board and executive management. This enables the Board to provide strategic guidance while exercising effective oversight. The table on the next page provides an overview of Dexus's corporate governance.

Corporate governance			
Dexus Board			
Responsibility for ensuring effective corporate governance and risk management, and for ensuring that Dexus meets its fiduciary and statutory obligations to its investors.			
Board Committees			
Audit Committee Nominations Committee People and Remuneration Committee Risk Committee			
Group Management Committee			
Ultimate responsibility for ensuring statutory, legal and regulatory compliance, including ongoing compliance with Dexus policies and procedures.			
Group Risk Committee			
Oversight of Dexus's risk management, compliance management, sustainability and internal audit programs.			
<p>Risk team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Assessing strategic and operational risks - Providing advice on risk mitigation plans - Drafting and delivering risk policies and procedures - Implementing the Work Health Safety (WHS) management system and overseeing audits of compliance with the system - Providing training on relevant risk matters 	<p>Compliance team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Providing training on relevant compliance matters - Conducting monitoring and preventative review procedures to avert or detect incidents of non-compliance - Reviewing and analysing compliance issues and exceptions including remediation plans - Reporting to management (including GMC, Board Risk Committee and the Group Risk Committee) on compliance incidents and initiatives within Dexus - Liaising with regulators 	<p>Governance team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Company secretarial functions across the group - Establishment and implementation of key governance policies - Internal Audit function - Investigating whistleblower matters and significant customer complaints - Supporting Dexus group boards and committees to ensure provision of adequate information to execute their responsibilities 	<p>Sustainability team</p> <p>Responsibilities include:</p> <ul style="list-style-type: none"> - Identifying and overseeing activity to manage environmental, social and governance (ESG) risks across the organisation - Driving excellence in asset performance including achievement against environmental targets - Reporting progress against ESG targets and identifying areas for improvement
Management frameworks			
Risk Management Framework	Compliance Management Framework	Sustainability Approach	
<ul style="list-style-type: none"> - Industry engagement - Risk analysis - Workplace health and safety - Audit and assurance - Investment due diligence - Business continuity planning, crisis management and disaster recovery testing - Accept and investigate whistleblower disclosures - Embargoed contractors - Internal audit 	<ul style="list-style-type: none"> - Conflicts of interest - Continuous disclosure reporting - Compliance monitoring - Anti-money laundering policies - Fraud, Corruption and Bribery (Prevention and Awareness) Policy - Information technology and cyber security - Complaints - Board governance 	<ul style="list-style-type: none"> - Resource efficiency - Climate change - Human rights - Inclusion and diversity - Employee engagement and development - Customer experience - Community contribution - Sustainable development - Stakeholder engagement - Supply chain management 	
Reporting and transparency			
Management reporting ASX disclosure Performance disclosure Regulatory reporting Sustainability reporting			

Board and management committees

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 capital partner or investment funds.

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

To assist stakeholders in accessing key documents outlining our approach to corporate governance, we maintain a Corporate Governance section on our website www.dexus.com/corporategovernance. We publish a [Corporate Governance Statement](#) that presents our governance framework against the ASX Corporate Governance Principles & Recommendations - Third Edition (ASX Principles) and discloses how we continue to meet each of the ASX Principles during the financial year.

While the framework adopted by Dexu meets the requirements of the ASX Principles, it also addresses additional aspects of governance which the Board considers important.

We recommend that this Disclosure of Management Approach be read in conjunction with Dexu's [Corporate Governance Statement](#). Refer to our website for publicly available [policies](#).

The table below describes the committees with a focus on governance, risk management and monitoring.

Committee	Governance role
Dexu Board	The Board sets the tone, culture and objectives of risk and compliance management at Dexu. It sets the corporate standard, establishes effective governance, oversees business performance and provides ultimate accountability for the group. The Board implements a corporate governance framework that applies to the investments of Dexu and its funds, mandates and capital partners.
Board Risk Committee	Responsible for overseeing group risk management, including implementation and management of sustainability practices and initiatives throughout Dexu, as well as overseeing WHS, risk, compliance and internal audit. The Board Risk Committee reports directly to the Board.
Group Management Committee (GMC)	Oversees business operations including its management of compliance, risk, governance and sustainability. The GMC comprises the executive team and reports directly to the Dexu Board.
Property Executive Committee (PEC)	Chaired by the Chief Executive Officer (CEO), PEC members include the Chief Investment Officer (CIO), Chief Financial Officer (CFO) and Executive General Managers overseeing operational and strategic objectives concerning: <ul style="list-style-type: none"> - Property Performance - Development and Trading - Customer and Innovation PEC oversees sustainability initiatives and reports to the GMC.
Group Risk Committee	Oversees compliance, internal audit, risk and sustainability initiatives and reports to the Board Risk Committee. It assures the Board and the Board Risk Committee that major business risks have been identified and assessed, and effective plans are in place to mitigate the risks.
Investment Committee	Reviews and endorses all major investment proposals (including acquisitions, divestments, developments and major capital works) concerning Dexu and each of our third party capital partners.
Corporate Responsibility, Inclusion and Diversity Committee (CRID)	Oversees the development and implementation of corporate responsibility policies and practices that support Dexu's business strategy, and responds to emerging corporate responsibility issues within the built environment. The Committee is chaired by the CEO.
Modern Slavery Working Group	Oversees implementation of initiatives to enhance Dexu's capacity to identify, assess and respond to risks of modern slavery in its operations and supply chain. Oversees measurement of effectiveness, public reporting, training and communication regarding modern slavery. Chaired by the Executive General Manager, Investor Relations, Communications and Sustainability, and reports to the Board Risk Committee.

1.2 Management practices

We have developed a Compliance Management Framework and a Risk Management Framework outlining how we identify and address compliance and risk management. The third arm of our responsible investment approach is our Sustainability Approach which integrates sustainability throughout the group's operations.

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

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



Compliance Management Framework

Compliance is a vital component of our corporate governance and assists in:

- Building trust with investors and clients
- Protecting our brand and reputation
- Promoting our values
- Demonstrating to stakeholders a commitment to doing the right thing
- Complying with laws, regulations and industry standards

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

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

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

The framework:

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

Activities within the Compliance Management Framework include:

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

Conflicts of interest

We have two internal compliance policies for personal and corporate conflicts of interest. They inform employees as to what constitutes a conflict of interest and describe the process for identifying and managing conflicts. Conflicts may arise in a variety of situations including:

- Related party dealings
- Allocating property transactions amongst clients or third party capital partners
- Tenant (customer) conflicts
- Transfer of assets between schemes or clients
- Personal conflicts

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

- Ensuring the transaction is conducted at arm's length
- Removal of conflicted employees or teams from the transaction or decision
- Establishing information barriers so that employees and teams operate solely in the interests of the respective clients or third party capital partners
- Avoiding the transaction

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

Anti-bribery and corruption

We are committed to achieving the highest corporate standards and working against corruption in all its forms, including extortion and bribery.

The Fraud, Corruption and Bribery (Prevention and Awareness) Policy outlines expectations for employee conduct related to lobbying, meetings with law makers and receiving gifts and benefits. Dexus does not make monetary contributions to politicians, political parties, or political campaigns (see our Leading Cities DMA for more information on engagement with government and industry).

Transparency and continuous disclosure

We take an industry leading approach to transparency and disclosure of responsible investment practices. This is supported by the Property Council of Australia's Voluntary Best Practice Guidelines for Disclosing Funds From Operations (FFO) and Adjusted Funds From Operations (AFFO). These measures enable a transparent comparison of financial performance between Dexus and its listed property peers.

We are committed to providing investors, the broader market and other stakeholders with accurate and timely information about material developments. We continue to comply with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. A Continuous Disclosure Committee manages due diligence and compliance against the Continuous Disclosure Policy.

We respond annually to several investor surveys and standards, publish research papers, and formally disclose group performance each year in accordance with the Global Reporting Initiative (GRI) framework.

Compliance monitoring

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

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

The purpose of compliance monitoring is to:

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

Monitoring takes the form of:

- Self-Assessment Checklists
- Compliance review and verification
- Targeted reviews
- Ad hoc reviews

Internal audit program

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

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

The Group Risk Committee oversees the group's risk management, compliance management and internal audit programs. KPMG performs the activities of an Internal Audit function which reports to the Group Risk Committee and Board Risk Committee.

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

- Developing and maintaining a culture of accountability and integrity
- Promoting and supporting Dexus's Three Lines of Defence Model by maintaining an independent 'third line' in relation to effective risk management and control
- Facilitating the integration of risk management into day-to-day business activities and processes
- Promoting a culture of risk-consciousness, self-assessment and adherence to high ethical standards
- Maintaining a professional and experienced Internal Audit function, through the engagement of suitably qualified professionals, with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of the charter

- Establishing a quality assurance program which supports the operation of internal audit activities and is responsive to the business' needs
- Ensuring that engagements are performed with proficiency and due professional care

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

Internal Audit activities involve:

- Developing and implementing a flexible annual internal audit plan, adopting an appropriate risk-based approach, which is approved by the Group Risk and Board Audit Committees
- Assisting us to promote awareness of key risks, our risk culture and risk mitigation activities
- Supporting audit activities through facilitation, process design and advisory services
- Reporting on the outcomes of internal audits to senior management, the Group Risk Committee and Board Audit Committee
- Keeping our employees informed of emerging trends and successful practices in internal auditing
- Assisting in the investigation of significant suspected fraudulent activities and notifying findings to the Group Risk Committee, GMC, Board Risk Committee and Board Audit Committee
- Conducting follow up activities on the status of agreed significant, high and moderate rated recommendations

We maintain an Internal Audit Charter which sets out the roles, responsibilities, authorisation, activities and reporting relationships of the Internal Audit function. The Charter is reviewed and approved by the Board Risk Committee on an annual basis. From 1 July 2019, Internal Audit reports to the Board Audit Committee.

Board evaluation

We recognise that performance measurement and management are integral to our Board's success and we believe that board evaluations can contribute significantly to performance enhancement at the organisational, Board and individual Director levels.

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

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

External feedback and grievance procedures

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

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

We maintain policies and procedures to address grievances formally raised by stakeholders in relation to Dexus, our products or services, or the processes we use for dealing with feedback itself.

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

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

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

- Investor, client and potential client complaints are dealt with fairly, promptly and consistently
- Regulatory requirements are complied with
- Any underlying control problems or weaknesses identified by a complaint are appropriately addressed

In accordance with the Australian Standards for Complaints Handling, we seek to:

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

We maintain tailored grievance procedures by stakeholder and based on the nature of the complaint.

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

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

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

Internal grievances and whistleblowing

To maintain a positive and productive work environment, we have implemented a whistleblower program.

An important part of the program is the open and honest discussion of ethical issues. We encourage employees to raise problems with their manager. Should this not be possible for any reason, employees are encouraged to raise their concerns of possible breaches of law or procedure, irregularity, compliance issue, ethical issue or anything else of concern with any of the following representatives:

- Head of Governance
- Head of People & Communities
- General Counsel
- Director of Dexus
- Dexus's Statutory Auditors, PwC
- Dexus's Internal Auditors, EY

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

1.3 Risk Management Framework

Effective risk management is critical to the delivery of value to our investors and requires an understanding of risks during all phases of investment from asset selection, acquisition, allocation, ownership and management to disposal. Responsible investment and active property management principles are integrated into our sustainability approach.

Dexus's Risk Management Framework aligns with the Australian and New Zealand Standard for Risk Management – Principles and Guidelines AS/NZS ISO 31000:2009. The framework is built into daily operations in the form of accountabilities, standard operating procedures, tools and templates, management oversight, collaboration and knowledge sharing, as well as audit and assurance.

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

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

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

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

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

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

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

We have developed an in-house property risk management and auditing tool called Periskope that provides systematic and rigorous property risk profiling. Periskope is a single point of access for tools and data, assisting in property risk management.

Risk appetite

We operate in a competitive market and strive to deliver our vision and strategy in a sustainable way to meet the expectations of our investors, third party capital partners, employees, customers (tenants), visitors and the communities in which we operate. Risk is an inherent part of conducting business and we must accept some level of risk in order to pursue our strategic objectives. In so doing, decisions at every level must be made with an informed view of the associated risks and implications.

We maintain Risk Appetite Statements for each Responsible Entity within the group. These statements support each Fund's or vehicle's strategy as well as outlines the amount of risk each vehicle is willing to accept in order to

achieve its strategy. This approach promotes the principle of 'freedom within boundaries' by providing a framework for management to operate within to execute the strategy.

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

Risk Appetite Statements are reviewed and approved annually by the relevant Boards.

Health and safety

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

Our WHS&L statement outlines how we manage WHS risks. It states the group's commitment to maintaining safe properties, working with stakeholders to manage hazards, managing risks and continuous monitoring. We implement contractor management software across all managed properties to manage and monitor contractor compliance against insurance requirements, WH&S and inductions.

Further information can be found within the Thriving People DMA (employee health and safety) and Future Enabled Customers and Strong Communities DMA (property occupant health and safety).

1.4 Integrating sustainability

We integrate sustainability to create sustained value by taking a systematic approach that links our strategy and vision to our actions and performance outcomes through policies and governance frameworks, setting targets and embedding these into day-to-day operations.

Engagement	Policies	Commitments	Practices	Measure and report
We engage with stakeholders to identify and manage material issues which have the greatest impact on our stakeholders	Dexus's ESG policies encapsulate our 'Sustained Value' vision and inform all stakeholders of their legal and corporate responsibilities for the management of environmental, social and governance issues	We set measurable performance targets across our key stakeholder groups in line with our strategy, and we drive ethical and responsible performance in all areas of operations. We integrate sustainability objectives into our group scorecard, which is used to determine individual objectives and remuneration outcomes.	We integrate ESG management practices within day-to-day operations, developments and investment decision making to enhance corporate performance and create sustained value	Within our annual Sustainability Performance Pack, we report our performance across each of our key objectives including achievements against targets. We report our management approaches within our disclosure under GRI Standards

1.5 Evaluation and process improvement

We seek to continuously improve our governance approach through the following:

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

2 Leading Cities



Disclosure on Management Approach

Contributing to economic prosperity and sustainable urban development across Australia's key cities.

Dexus's strategy is to deliver superior returns from high quality real estate in Australia's major cities. Our focus on cities means that our success is intrinsically linked to the overall growth and prosperity of the cities where we operate.

Our Leading Cities objective contributes to urban prosperity by directing us to invest in, develop and manage world class, sustainable industrial and retail precincts which enhance the amenity and vibrancy of central business districts. Across our buildings, we seek to attract high calibre customers whose businesses support local, regional and national economies.

We expand our reach and engage local communities through collaboration and consultation with authorities and industry associations and work together with peers and other stakeholders to lift urban development standards and share insights.

Focus areas for our approach to Leading Cities include:

- **Understanding market volatility:** Understanding how market volatility impacts supply and demand and absorption of new spaces, which may affect retail, office and industrial leasing terms, rents and vacancy rates
- **Generating economic impact:** Responding to local community and authority interest in precincts and development projects that contribute amenity, vitality and economic prosperity to their area
- **Showcasing sustainable development:** Using our development projects to demonstrate how the urban form can minimise its environmental impact and enhance wellbeing
- **Stakeholder engagement:** Working with our stakeholders to understand what matters to them and use their insights to enhance how we operate

The boundary our approach encompasses Dexus's group portfolio, including development projects, with impacts mainly felt by Dexus's customers, suppliers and local communities.

2.1 Management framework

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee (GMC), collaborate to deliver our objective of Leading Cities. The table below provides insight into the developments and transactions management structure and policy framework, which is an important contributor to our Leading Cities objective. Management of standing investments also contributes to the objective of Leading Cities, and relevant management frameworks for standing investments are described in the Future Enabled Customers and Strong Communities DMA (page 33), Supply Chain DMA (page 40) and Enriched Environment DMA (page 49). Several policies are publicly available on the Dexus [website](#).

Leading cities management framework		
<p align="center">Dexus Board</p> <p align="center">Approval of business plans, investment strategies, property acquisitions, Dexus divestments and developments unless delegated to another committee.</p>		
<p align="center">Group Management Committee (GMC)</p> <p align="center">Responsibility for developing short, medium and long-term strategies and business plans for achieving those strategies</p>		
<p align="center">Investment Committee</p> <p align="center">Consideration and approval or endorsement of investment and divestment proposals, major capital expenditure and certain leases concerning Dexus and each of its managed funds and clients</p>		
<p align="center">Chief Investment Officer</p> <p align="center">Oversight of group strategic direction, capital allocation, and creating value through development.</p>		<p align="center">Executive General Manager Investor Relations, Communications and Sustainability</p> <p align="center">Oversight of group Sustainability Approach and stakeholder engagement.</p>
<p>Development Team</p>	<p>Capital Transactions and Strategy teams</p>	<p>Investor Relations, Communications and Sustainability teams</p>
<p align="center">Responsibilities</p> <ul style="list-style-type: none"> - Oversight of office, industrial, retail and healthcare developments - Management of development process from origination through to sale or handover - Third party contractor management - Incorporation of sustainability objectives into development design and construction 	<p align="center">Responsibilities</p> <ul style="list-style-type: none"> - Originate and execute investment opportunities - Due diligence of acquisitions and developments - Strategic reviews and business case development 	<p align="center">Responsibilities</p> <ul style="list-style-type: none"> - Provide technical advice on execution of sustainability objectives - Integrate emerging stakeholder issues into business strategy - Investor, government and media stakeholder engagement
<p align="center">Policy Framework</p> <p align="center">Development and Construction Due Diligence Investment Procedures Transactions Handbook Capital Transactions Excellence Method Environmental Statement Biodiversity Work Health, Safety & Liability Statement Investor Communications Continuous Disclosure</p>		

2.2 Management practices

Investment due diligence

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

The Investment Committee reports to the GMC and is responsible for reviewing all investment, divestment and development proposals for Dexus and its third party capital partners.

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

Potential acquisitions are screened to ensure responsible investment principles are upheld. The Investment Committee identifies ESG issues that may affect an investment. It then categorises them as:

- Material issues that may lead to the abandonment of the potential investment

- Less significant issues, risks and opportunities that impact the decision and/or the investment price, or the terms of sale
- Insignificant issues that are not deemed to affect Dexus or its third party capital partners
- If an issue is uncovered, decisions are made whether to pursue the investment opportunity or mitigate the impact

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

Developments

Development is integral to enabling the delivery of our strategic objectives of leadership in Australian office and being a wholesale partner of choice and Dexus has a strong track record in developing high quality office, industrial and retail properties in key Australian markets. Our developments have a focus on quality, sustainability, providing vibrant public space and delivering superior risk adjusted returns.

Dexus Development Lifecycle	
Phase	Elements
Origination	<ul style="list-style-type: none"> - Preliminary feasibility - Asset plans and masterplans (if the opportunity involves an existing asset) - Identifying potential constraints, such as planning controls, existing tenancies, internal capabilities, and physical site constraints - Research market and demographic factors - SWOT analysis for the opportunity
Concept development	<ul style="list-style-type: none"> - Setting up a project team, including external consultants - Stakeholder mapping - Developing and endorsing a concept brief
Planning, design and construction	<ul style="list-style-type: none"> - Preparing a development plan and leasing strategy - Obtaining development approvals - Stakeholder engagement - Construction through a third party project manager and builders
Asset sale or handover	<ul style="list-style-type: none"> - Construction completion - Insurances and other regulatory matters - Handover to asset management or capital transactions

Drivers for sustainable development

Our approach to integrating sustainability into our development projects responds to a range of internal and external drivers that underpin ongoing investment in property efficiency and financial and environmental sustainability. These include:

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

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

Integrating sustainability issues into development projects

We prepare design briefs for all new developments and refurbishments in conjunction with our customers where applicable. Design briefs describe the scope and nature of the development works and incorporate a range of requirements and minimum standards relating to sustainability issues and performance. Each design brief is unique to the development or retrofit, however an overarching document is created for each works project for the purposes of tendering and holding contractors to account against a fully documented list of requirements.

We seek buy-in from prospective customers and agree the final brief before proceeding with construction. We incorporate sustainability into all aspects of the design through the inclusion of sustainable property features including passive cooling, efficient lighting and air conditioning, as well as applying minimum standards to equipment and materials such as insulation R-values and WELS ratings for water fixtures.

The table below provides more detail on the integration of key sustainability elements into development projects.

Element	Dexus's approach
Biodiversity and habitat	<p>Our development sites are often brownfield sites with negligible biodiversity value. Where biodiversity may be impacted by our activities, the Dexus Biodiversity Policy directs teams to ensure our developments have a net positive impact on biodiversity and apply an approach to avoid, minimise, restore and offset adverse biodiversity impacts. Developments seeking Green Star Design & As Built certification are directed to manage biodiversity issues in accordance with Land Use and Ecology category credits.</p> <p>We comply, and direct our suppliers to comply, with development conditions that relate to biodiversity conservation at our development sites.</p>
Building safety	<p>Our development projects are expected to uphold the highest standards in building safety, both in terms of safety during construction and the ongoing operation of the asset.</p> <p>Our goal for all projects is a no harm, safe workplace with zero fatalities, both during the development phase and the ongoing operation of the property.</p>
Climate change adaptation and resilience	<p>We assess potential climate change risks and changes to exposure and vulnerability with regard to future climate scenarios.</p> <p>Developments with high inherent climate change risk that are seeking Green Star Design & As Built certification are directed to manage climate change adaptation issues in accordance with the Adaptation and Resilience credit guidelines.</p> <p>We comply, and direct our suppliers to comply, with development conditions that relate to climate change adaptation at our development sites, including but not limited to flood mitigation measures.</p>
Energy consumption/management and greenhouse gas emissions	<p>Across our developments, we are committed to designing for operational efficiency, targeting net zero emissions from operations. We collaborate with industrial customers to incorporate on-site solar electricity generation for new industrial developments.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy and emissions management issues in accordance with the Energy category credits.</p> <p>Energy efficiency is integrated into the whole-of-property design process, and projects seek to exceed relevant energy codes and achieve Dexus's Green Star, NABERS Energy targets and support our net zero emissions by 2030 ambition. Common energy efficiency measures include:</p> <ul style="list-style-type: none"> - High efficiency HVAC (heating, ventilation and air conditioning) systems - High efficiency lighting - Independent building commissioning - Occupant sensors and controls to match indoor environmental conditions with occupant requirements - Energy modelling to assess property energy performance and inform design





Element	Dexus's approach
Environmental attributes of building materials	<p>We aim to take a lifecycle approach to inform financial business cases for low embodied carbon for materials at key projects.</p> <p>Developments seeking Green Star Design & As Built certification are directed to address issues regarding the environmental attributes of building materials consumption and management issues in accordance with the Materials category credits.</p> <p>Selection of materials at our development projects is often the responsibility of our suppliers. Dexus's Sustainable Procurement Policy and Supplier Code of Conduct directs suppliers to procure sustainable products and services where feasible that:</p> <ul style="list-style-type: none"> - Have a lower embedded carbon footprint due to selection of raw materials and efficient manufacturing processes - Contain a high recycled content and produced in a way to ensure it can be recycled through common services - Are certified to internationally recognised standards or demonstrate other applicable sustainability criteria - Support our net zero emissions by 2030 ambition
Health and wellbeing	<p>We support occupant health and wellbeing at our developments through focusing on indoor environmental quality and supporting initiatives in property design and subsequent operations.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Indoor Environmental Quality category credits.</p> <p>At select developments, we elect to obtain WELL Certification to further enhance a property's health and wellbeing performance.</p>
Location and transportation	<p>Most of Dexus's portfolio is strategically located in Australia's major cities with strong transport networks. We also encourage active transport by providing end-of-trip facilities in our properties and supporting initiatives such as access to bicycle maintenance through our property portals.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Transport category credits.</p>
Supply chain	<p>Dexus's Sustainable Procurement Policy and Supplier Code of Conduct are included in all developer contracts and direct suppliers to comply with relevant legislation and contribute to our sustainability objectives.</p>
Water consumption/management	<p>We focus on sound water management through designing new properties to achieve minimum NABERS Water standards and integration of water saving measures such as on-site storage tanks and efficient fixtures.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Water category credits.</p> <p>Water management is integrated into the whole-of-building design process, and projects seek to exceed relevant energy codes and achieve Dexus's Green Star and NABERS Water ambitions. Common requirements and measures included in developments are:</p> <ul style="list-style-type: none"> - Requiring high efficiency fixtures to enhance indoor water efficiency - Requiring drought tolerant landscaping and use of non-potable water sources (rainwater, stormwater, greywater) for outdoor uses to enhance outdoor water efficiency - Water system commissioning and tuning to enhance process water efficiency - Leak detection systems - Occupant sensors to control water flows
Waste management	<p>We focus on waste management through development and implementation of construction and operational waste management plans.</p> <p>Developments seeking Green Star Design & As Built certification are directed to integrate energy consumption and management issues in accordance with the Operational Waste and Construction and Demolition Waste credit guidelines.</p> <p>Expected inclusions within construction waste management plans are:</p> <ul style="list-style-type: none"> - Construction waste signage - Targets for waste stream recovery, reuse and recycling - Waste separation facilities - Waste monitoring (including hazardous and non-hazardous waste monitoring) <p>Contractors have financial incentives to recover, reuse and recycle building materials through avoided costs associated with sending waste to landfill. We educate employees on appropriate waste management and support contractors to deliver waste management education at our development sites.</p>

Green building certifications

Dexus selectively rates new developments against the Green Building Council of Australia's (GBCA) Green Star Design and As Built ratings and continues to present Green Star opportunities to all pre-lease construction opportunities. Dexus targets to achieve at least 5 Star Green Star Design & As Built ratings across all new office developments.

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

Select office developments seek excellence in property health and wellbeing by targeting WELL certification from the International WELL Building Institute.

Site selection and design

A large proportion of our developments, particularly across the office and retail portfolios, occur within existing developed areas. We seek development opportunities in properties in highly connected urban environments, and integrate our developments with multi-modal transport networks and facilitate active transport options.

When selecting brownfield sites and developing site design, our projects seek to protect, restore and conserve aquatic ecosystems, farmland, floodplain functions, and habitat for threatened and endangered species. These features are often protected through development approval conditions that we comply with and at times seek to exceed in order to achieve a net positive biodiversity outcome (see Dexus's [Biodiversity Policy](#)).

Development approval conditions and other measures included in development contracts help minimise negative impacts of construction by directing projects to:

- Manage waste by diverting construction and demolition materials from disposal
- Manage waste by diverting reusable vegetation, rocks and soil from disposal
- Protect air quality during construction
- Protection surface water and aquatic ecosystems by controlling and retaining construction pollutants
- Protect and restore habitat and soils disturbed during construction

Developments seeking Green Star Design & As Built certification are directed to minimise negative impacts of construction through Responsible Construction Practices and Construction and Demolition Waste credit guidelines. Environmental impact assessments are carried out at all sites and on selected sites social impact assessments are undertaken.

Environmental and health attributes of building materials

Building materials selection for Dexus developments is usually undertaken by development contractors. Dexus's [Sustainable Procurement Policy and Supplier Code of Conduct](#) is built into all development contracts and contains expectations for contractors regarding the environmental performance and health attributes of building materials.

We obtain product data sheets from contractors detailing the environmental and health attributes of building materials as part of the design phase then in the certification of the property for its use. Wherever a development brief is likely to contain hazardous materials, the contractor is to provide independently certified laboratory tested hazardous materials clearance certificates.

Demographics and accessibility

Development design is informed by our Research team, which provides insights into market and demographic trends. These insights are incorporated into development briefs to ensure that the completed property will meet market and demographic demand.

Properties are designed to offer flexibility and adaptability in tenancy design. All developments are required to ensure accessibility in accordance with the provisions of the *Disability Discrimination Act 1992*.

Stakeholder engagement

Building and nurturing strong working relationships with our stakeholders is critical to our value creation. Our key stakeholders include investors, third party capital partners, customers, communities, suppliers, government, media, and our people. We aim to build lasting relationships with our stakeholders through an active program of engagement activities. As part of our periodic materiality assessment, we involve groups of our key stakeholders to help identify key issues that impact our ability to create value for our stakeholders over the short, medium and long term. The table below identifies our key stakeholder groups and how we engage with them.



Stakeholder group	Engagement objectives and activities
<p>Dexus (DXS) investors</p>	<p>Dexus is listed on the Australian Securities Exchange (ASX:DXS) and has a large investor base of approximately 27,000 Security holders. The majority of securities are owned by institutional investors such as superannuation funds, sovereign wealth funds and index funds. Almost half of our investors are based in Australia, with strong representation from North America, the United Kingdom and Asia.</p> <p>Objectives</p> <p>Our engagement with investors aims to:</p> <ul style="list-style-type: none"> - Educate investors about our business using accurate, timely and comprehensive information - Understand investors' perceptions about us - Ensure that our security price reflects fair value - Benchmark our performance using ESG surveys <p>How we engage</p> <p>Dexus has an investor relations and communications strategy that promotes an informed market and encourages participation with investors. This strategy 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. Enquiries received from Dexus Security holders are addressed in a timely manner in accordance with Dexus's policy on the handling of enquiries and complaints.</p> <p>A core element of our engagement with investors is the comprehensive reporting of our performance through:</p> <ul style="list-style-type: none"> - Half-year and annual reports that include property performance metrics, comparison against benchmarks, key events that have occurred and their impacts on the portfolio including but not limited to acquisitions, divestments and developments. - Annual General Meetings - Sustainability performance reporting including current NABERS ratings, intensity figures for energy, water and greenhouse gas emissions, as well as efficiency improvement projects - Participation in investor ESG surveys and responding to investor requests for ESG information. - Perception studies completed by third parties to understand investor sentiment and our position relative to peers
<p>Third party capital partners (unlisted investors)</p>	<p>Dexus's funds management platform has 79 institutional investors across its seven managed vehicles, with strong representation from Australia, plus Asia, North America and Europe. Third party capital is largely sourced from domestic and offshore superannuation/pension funds, with multi-managers and sovereign wealth funds also represented.</p> <p>Objectives</p> <p>In addition to the objectives for Dexus investors, the funds management business works to:</p> <ul style="list-style-type: none"> - inform its third party capital partners on the broader Dexus business and our integrated model - ensure investor confidence in Dexus's corporate governance processes and management of related party conflicts - understand investment, reporting and regulatory requirements of institutional investors - promote transparency and ongoing two-way dialogue <p>How we engage</p> <p>The wholesale pooled funds hold Annual General Meetings. These funds also provided best-in-class corporate governance through the provision of Investor Advisory Committees (comprised of a combination of majority and minority investors) to oversee key Fund decisions including related party transactions. Joint venture partners and mandate clients are intimately involved in the management of the portfolio and are involved in decision-making on all major matters.</p> <p>Third party capital partners, depending on the vehicle invested in, may receive formal monthly, quarterly and annual reports including property and financial performance metrics, comparison against benchmarks (where relevant), key events that have occurred and their impacts on the portfolio (acquisitions, divestments, developments, etc.).</p> <p>Third party capital partners also have access to dedicated investor internet portal via the Dexus website enabling self service access to investment information and key documentation on the investment vehicle.</p>



Stakeholder group	Engagement objectives and activities
<p>Government, regulators, and industry</p>	<p>We maintain an active and extensive engagement program to represent the interests of Dexus with various government authorities, politicians and industry bodies.</p> <p>Dexus contributes to industry associations through membership fees and sponsorship opportunities. Our involvement in industry associations is designed to contribute to a collective voice that champions the property industry's role in delivering sustainable economic growth.</p> <p>Dexus and its employees are prohibited from making any financial or in-kind contributions to a political party, politician or related institution, including payment of any annual or other subscription fee for membership of or affiliation with any political party.</p> <p>Objectives</p> <p>The objectives of our engagement with government and regulators include:</p> <ul style="list-style-type: none"> - Maintaining our reputation as a contributor to economic growth and leading city outcomes - Understanding potential legal and regulatory changes relevant to the Dexus business - Ensuring authorities have current information about our properties in their jurisdiction - Understanding how we can deliver on civic priorities through our developments and operations, including how we can enhance the public realm of our precincts <p>How we engage</p> <p>The Dexus Investor Relations and Communications team manages our engagement with public authorities and industry associations.</p> <p>We work closely with the main body representing the property industry – the Property Council of Australia (PCA) – to support and encourage effective policy development for the property industry, developing recommendations and drafting submissions to government and statutory authorities. Dexus is represented on a range of PCA industry committees and may be requested to participate in working groups facilitated by the PCA. In these situations, Dexus representatives act for the benefit of the property industry as a whole. Areas of engagement include collaborating on issues such as gender diversity, green building, and strategic urban planning.</p> <p>We also regularly engage with the industry and broader stakeholder communities through speaking engagements, presentations or panel representation, at both Australian and international conferences and events.</p> <p>We engage with local, state and federal government officials and policy makers as needed to discuss and present its views regarding issues such as local and state planning, local infrastructure and the environmental and social impacts of proposed developments. In these engagements, we aim to foster constructive two-way dialogue that aligns Dexus and government interests and delivers a mutually beneficial outcome.</p> <p>The Dexus Risk, Compliance and Governance teams maintain a respectful and transparent relationship with regulators and aim to meet any of their requests for information in a timely matter. We support regulatory examinations and ensure prompt reporting of compliance incidents where required.</p>





Stakeholder group	Engagement objectives and activities
Media	<p>We engage with local, state and national media to communicate news about our activities that is material to markets and of interest to the broader community. We also recognise the value of social media as a communication tool.</p> <p>Objectives</p> <p>Objectives of our media engagement include:</p> <ul style="list-style-type: none"> - Providing relevant, accurate information about Dexus and its activities to media outlets for dissemination - Responding to media requests for information - Managing and strengthening Dexus's reputation <p>How we engage</p> <p>The Dexus Investor Relations and Communications team leads our engagement with mainstream media and social media channels, and is responsible for the coordination of the group's external messaging to ensure accuracy and consistency. We provide a single point of contact for media outlets for enquiries and, through a coordinated program with executives, regularly engage in conversation with key national and state-based media representatives. The Dexus Press and Media Policy provides guidance for employees on engaging with the media and ensuring any information provided is accurate and appropriate for disclosure. All official Dexus spokespeople undertake media training organised by the Investor Relations and Communications team.</p> <p>Dexus maintains a presence on the following social media networks:</p> <ul style="list-style-type: none"> - LinkedIn - Dexus - Facebook - Dexus - Twitter - Dexus - Instagram – Dexus <p>We use these social media networks to disseminate stories about our workspace insights and activities, creating Prism articles of interest to our stakeholders. The Dexus Social Media Policy describes our approach to social media and provides guidance for employees on the appropriate use of social media.</p> <p>We regularly review our media engagement activities, using insights from media monitoring providers and social media networks to understand our reach, emerging issues, and trends of interest to our stakeholders.</p>
Local communities at development projects	<p>All properties (100%) under development engage with local communities and relevant authorities as part of the development approvals process. We recognise the value of community consultation on new developments and refurbishments to address concerns, and for feedback on features that benefit customers and the community.</p> <p>The exact methods of community engagement depend on the nature of the development. Aspects that are generally included in our approach to community engagement include:</p> <ul style="list-style-type: none"> - Identifying stakeholders that may be impacted by the development - Identifying nuisance and/or disruption risks (e.g. noise, traffic changes) - Development and implementation of a communication plan (e.g. hotlines, fact sheets) - Development and implementation of a monitoring plan (e.g. monitoring issues register) - Development and implementation of a risk mitigation plan
Local communities at operational assets	<p>Objectives and activities related to local communities at our operational assets are described in the Future Enabled Customers and Strong Communities DMA, page 33.</p>
Customers	<p>Objectives and activities related to our customers are described in the Future Enabled Customers and Strong Communities DMA, page 33.</p>
Employees	<p>Employee engagement activities and objectives are described in the Thriving People DMA, page 33.</p>
Suppliers	<p>Objectives and activities related to supplier management are described in the Supply Chain DMA, pages 40.</p>

2.3 Evaluation and continuous improvement

We regularly evaluate our overall strategy and employ several mechanisms to monitor performance against strategic objectives, report progress to the GMC, and drive continuous improvements.

The table below specifies key performance indicators that we use to gauge our leading cities outcomes.

Material issue	KPI	Impact
Economic contribution	- Value of portfolio	- Leading destinations that attract economic activity to our cities
	- Portfolio occupancy rates	
	- Construction jobs supported at development projects	- Economic contribution to local communities
	- Gross value added to the economy from development projects	
Sustainable development	- Green building certifications achieved at development projects (including but not limited to Green Star, NABERS, WELL)	- Demonstration of sustainable development outcomes
		- Environmental and health impacts as described elsewhere in this document (e.g. improved health from reduced pollution, enhanced occupant wellbeing)
Stakeholder engagement	- Meetings with investors, government, and other stakeholders	- Enhanced reputation from strengthened stakeholder sentiment and strong, consistent communication
	- Media reach and ASR (advertising space revenue)	- Enhanced communication to general public
	- Social media analytics (followers and engagement)	- Enhanced reputation from strong positioning of brand and business activity

3 Thriving People



Disclosure on Management Approach

Building an engaged and capable workforce that delivers on our strategy.

Our Thriving People objective recognises the direct relationship between the capability of our people and the success of our business. When we effectively engage our people, develop their capabilities and provide opportunities for growth, we are able to harness their full potential and enhance our sustained value creation.

The focus areas for our approach to Thriving People are:

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

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

3.1 Management framework

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee, collaborate to deliver our objective of Thriving People. The table below provides insight into the relevant management structure and policy framework. Several policies are publicly available on the Dexus [website](#).



Thriving People management framework	
Dexus Board (Board) Responsibility for approving remuneration outcomes and people policies.	
Board People and Remuneration Committee Oversight of people practices by reviewing and endorsing key policies and practices around employee engagement, professional development, succession planning, culture, inclusion and diversity.	
Group Management Committee (GMC) Responsibility for alignment of Dexus's corporate culture with its goals and objectives, and sustaining competitive advantage by maximising available human and other resources and encouraging employee commitment.	
Corporate Responsibility, Inclusion and Diversity Committee Development and oversight of Dexus's strategy in relation to employee wellbeing, inclusion and diversity policies and practices.	
<p style="text-align: center;">People & Communities team</p> <p>Responsible for executing Thriving People strategy across:</p> <ul style="list-style-type: none"> - Employee engagement - Talent attraction and retention - Learning and development - Remuneration - Inclusion and diversity <p>Oversight and management of Dexus's Employee Wellbeing Communities: Give, Grow and Thrive.</p>	<p style="text-align: center;">Risk team</p> <p>Oversight of workplace health and safety</p>
<p>Policy Framework</p> <p>Employee Code of Conduct Inclusion and Diversity Flexible Working Work Health, Safety and Liability Human Rights Whistleblower Training and Education Workplace Behaviour Leave Domestic Violence Leave</p>	

Overarching objectives guiding our approach to Thriving People include:

- Maintaining the right capabilities to deliver on our strategy, focusing on key talent hires, growth in the right areas and anticipating future needs
- Building a culture that supports our values, inclusion and diversity, and risk management
- Supporting an engaged workforce that advocates for Dexus as a great place to work
- Delivering learning programs to build capabilities at all levels
- Enhancing employee wellbeing through benefits, offerings, and the activities of our Wellbeing Communities

Our purpose

Dexus's purpose was defined by our people and sets out themes that guide us on our value creation journey. These themes include:

- Who we are: We are a passionate and agile team who want to make a difference
- Why we come to work: We create spaces where people thrive
- What we believe in: We are here to create value for customers, investors, communities and our people
- How we behave and what we value: Openness and trust, empowerment, integrity

We set annual commitments related to our Thriving People objectives and report on progress against these commitments in our [Sustainability Performance Pack](#).

3.2 Management practices

Employee engagement and culture

We focus on building and sustaining an engaged, high-performing workforce that embraces our purpose and is motivated to deliver on Dexus's strategy. Engaged employees are more likely to generate and implement innovative ideas, apply discretionary effort and act as brand custodians.

We survey our employees at least twice per year to understand levels of engagement and sentiment around workplace issues such as inclusion and diversity, change management, and health and wellbeing. An outcome of these surveys is an employee Net Promoter Score (NPS), which we use as our key metric for tracking engagement. We also analyse survey results by business unit to understand how sentiment varies across Dexus and to identify any focus areas. We set employee NPS targets in our annual reporting and use survey results to inform action plans to lift engagement where required.

Our purpose is an important component of how we engage our employees and instil the right culture. The purpose directs our people to focus on value creation for our investors, customers, employees and communities. It reinforces our values of openness and trust, empowerment and integrity, which underpin our culture.

Our employee surveys have told us that our people value time, flexibility, and health and wellbeing. Our employee benefits offering reflects these priorities, and includes:

- Wellbeing Subsidy is a monthly allowance included in the monthly sum to put towards wellbeing activities
- Five 'Dexus Days', available as additional leave, are provided each year to enhance work-life balance
- Formal and informal flexible work arrangements to assist employees achieve a genuine balance between work, health, family and personal commitments
- Employee Securities Ownership Plan where permanent employees are gifted with \$1000 worth of Dexus securities each year
- Subsidised life insurance
- Deals and discounts through corporate partnerships including but not limited to transport (Divvy and GoGet), Childcare (Guardian Early Learning Centres) and health and wellbeing
- Volunteer day is a paid day each year to provide employees with the opportunity to contribute their time and energy to a charity of their choice

Inclusion and diversity

We are committed to attracting and retaining a diverse workforce that bring a range of perspectives and help us execute our strategy in an ever-changing business environment.

Our [Inclusion and Diversity Policy](#) embraces diversity in gender identity, race, age, disability, sexual orientation, nationality, education, socioeconomic background, work experience, relationship status, family/carer responsibilities and personality. These factors influence the unique perspectives that our employees bring to the workplace. Our people should feel safe and empowered to bring their whole selves to work every day.

The table below summarises objectives and approaches within our inclusion and diversity strategy.

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

The table below describes initiatives in our workplace that enhance inclusion and assist our employees to maintain the work-life balance that works best for them.

Initiative	Description
Gender equality and pay parity	
Male Champions of Change	<p>Darren Steinberg, Dexus Chief Executive Officer, champions gender equity within the property industry as part of the Male Champions of Change program.</p> <p>Darren is actively involved with other property CEOs to drive gender equality and increase female representation at senior levels.</p> <p>Dexus is encouraging gender balanced forums and panels for internal and external events, as well as encouraging Dexus's external partners, suppliers and conference organisers to adopt Dexus's approach.</p>
Gender diversity targets	<p>Dexus's diversity commitment includes establishing measurable diversity objectives.</p> <p>Dexus has set a gender equity target of 40:40:20 (40% female, 40% male and 20% any gender) in senior and executive management roles by 30 June 2021.</p>
Pay parity	<p>Dexus closely monitors remuneration across its workforce with a view to achieving and maintaining pay parity in like-for-like roles.</p>
Paid parental leave	<p>Dexus provides paid parental leave for both primary and non-primary carers in addition to statutory entitlements (regardless of gender). Dexus also ensures continuity of superannuation throughout unpaid parental leave. Dexus provides a Return to Work Program to support employees transitioning from parenting to work, either part-time or full-time.</p> <p>Paid parental leave entitlements are available to eligible employees regardless of gender. Dexus recognises the gender imbalance with regard to traditional caring responsibilities and actively encourages its male employees to access paid parental leave entitlements.</p> <p>All parental leave benefits exceed statutory minimums and are available to eligible employees regardless of whether they are also eligible for government-issued benefits.</p>
Girls in Property	<p>Dexus launched 'Building a Future in Property', a property career expo targeting women interested in working for the property industry alongside industry peers.</p> <p>Dexus supported the Property Council of Australia's campaign to raise awareness and encourage greater female participation in the property industry to foster a sustainable pipeline of talent for the growing industry.</p>

Initiative	Description
Inclusion	
Wellbeing communities	Internally, Dexus has established three Wellbeing Communities (Grow, Give and Thrive) to research, elect and implement employee programs.
Harmony Day	Dexus celebrates cultural diversity on Harmony Day which coincides with the United Nations International Day for the Elimination of Racial Discrimination.
NAIDOC Week	NAIDOC Week is celebrated annually to remember and recognise the history, culture and achievements of Aboriginal and Torres Strait Islander people. Dexus participates in the Share-A-Book program where books are donated to indigenous, refugee and marginalised communities.
Employee assistance	
Flexible working	Dexus strives to create a work environment which encourages and promotes a healthy work-life balance and offers flexible working hours to support this. Dexus has introduced a Flexible Work Policy, enabling employees to arrange flexible working arrangements with their manager. This policy seeks to increase personal wellbeing and employee engagement, improve team performance and motivation, maximise productivity and retain talent. Underpinning our commitment to workplace gender equality are formal policies including Dexus's My Personal Flexibility Plan, which gives each employee the flexibility to choose their place of work that best supports their productivity, and records employees' flexibility goals in their individual annual performance scorecards.
Childcare placement	Childspace is an industry first initiative that offers priority of access to childcare spaces for Dexus customers and employees at over 90 Guardian Early Learning Centres nationally.
Acting on domestic violence	Dexus promotes awareness of domestic violence and its impacts on victims' health and safety, their wellbeing and their productivity. Dexus has introduced a Domestic Violence Leave Policy to provide Domestic Violence leave as well as the Employee Assistance Program to employees who need help to break these patterns of behaviour. Dexus supports White Ribbon Day, the International Day for the Elimination of Violence against Women.
Employee assistance program	Dexus provides a confidential counselling service for employees and their eligible family members.

Employee health and safety

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

We implement a comprehensive workplace health and safety program that is certified under OHSAS 18001, an internationally applied standard for occupational health and safety management systems. Through this system, we comprehensively monitor the health and wellbeing of employees and manage solutions to prevent workplace incidents. Our support goes beyond minimum compliance and reflects the group's commitment to employee wellbeing (see *Employee wellbeing* section below).

The Dexus Workplace Health, Safety & Environment (WHS&E) Committee is open to all employees and functions to:

- champion health and safety initiatives in the workplace
- ensure Dexus workers are represented in health and safety matters
- facilitate co-operation in instigating, developing and carrying out measures to improve the health and safety of workers
- assist in the ongoing development of safety standards, rules and procedures
- consider and address findings from health and safety audits or monitoring reports

We ensure all of our employees are provided with adequate information, instruction and training to perform their job safely. All Dexus employees undertake the Dexus WHS&E induction upon commencement of employment.

Our People & Communities team maintain a record of employee attendance and ensures that employees can access the Dexus Employee Handbook.

The WHS&E representatives, Risk team, and People & Communities team identify all additional WHS&E competencies for the organisation and assign training to employees as required. The People & Communities team assists our employees in maintaining a training plan that is documented in each employee's performance management process and reviewed twice per year. Additional WHS&E training responsibilities are assigned to employees with regard to:

- WHS&E competency requirements of existing policies and procedures
- WHS&E competency requirements of safe work practices
- levels of risk associated with work roles
- specific licensing requirements (if any)
- any industry qualifications that may be required to carry out particular tasks

Our Readinow data management system provides a single source of truth for employee incident reporting, risk and compliance information. Employee health and safety is also supported by our Periskope risk management database, which contains information on property-related risk assessments, processes, manuals and audit information. Health and safety programs are subject to annual external audit and improvement plans are monitored by the Risk team and the employee Work Health Safety and Environment Committee. Health, Safety and Environment risk management are also overseen by the Board Risk Committee and the Board.

To maintain our strong risk, safety and organisational culture we have embedded WHS&E into the Group scorecard through a safety audit score and we maintain a standing target of zero fatalities.

Employee wellbeing

We recognise the impact a person's time at work can have on their lifestyle and we aspire for our people to be fit, healthy and engaged. To make a positive and lasting impact on our employees' lives, we established employee wellbeing communities to create positive connections in the workspace by:

- Developing healthier minds and bodies
- Creating an inclusive and diverse culture
- Building sustainable workspaces for the future
- Enhancing professional capabilities

The Wellbeing Community Framework is centred around wellbeing communities led by people from across Dexus. There are three Wellbeing Communities:

- Grow – focusing on professional development, employee benefits and recognition
- Thrive – focusing on employee wellness and social cohesion
- Give – focusing on employee participation in community contribution and volunteering initiatives.

Wellbeing community members coordinate many initiatives including Wellbeing Month and National Safe Work Month, dedicated to promoting wellbeing and safety respectively in the workplace. We report on activities and programs delivered by our Wellbeing Communities in our annual Sustainability Performance Pack.

The Wellbeing Communities created #chatdexus as an interactive online platform on the Dexus intranet enabling employees to collaborate, share ideas, knowledge and tips in an open forum. The platform provides:

- An efficient and strong platform to engage with the business
- A channel through which employees can connect with each other and across all locations
- An increased awareness of group-wide initiatives, promote successes and increase interest in Wellbeing Communities.

Professional development

At Dexus we take a blended learning approach, recognising that the best learning comes from a variety of methods:

- Experience - learning through doing
- Exposure - learning through others
- Education - formal learning such as classroom sessions and online learning

We design and implement a comprehensive learning and development curriculum to build employees' skills, knowledge and experience to deliver business objectives. The Training and Education Policy outlines the framework for training employees with a focus on strategic training needs that Dexus has identified:

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

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

Employees work with their managers to prepare and implement individual training plans to maintain and update employee skills and knowledge. Activities include executive coaching, a mentoring program, study assistance and a talent management process designed to foster employee development.

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

Leadership development

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

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

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

Employee attraction and retention

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

Our recruitment model incorporates the following aspects:

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

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

Employees who are moving on from Dexus may be eligible for Directioneering, which is a career transitions program that assists with exploring career options and supports them through implementation. The program has five levels of career transition tailored to provide appropriate support for the individual.

Performance management

Employees undertake ongoing check-ins with their managers to:

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

We adopt a Balanced Scorecard methodology to manage executive and employee performance. These measure contribution and achievements against threshold, stretch and outperformance targets. Scorecards also motivate all leaders and employees to strive for outperformance within their teams.

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

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

Reward and recognition

We recognise and reward employees who contribute to the success and growth of the group. Our remuneration structure is based on:

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

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

All Dexus employees are employed in Australia and are paid above the Australian minimum wage.

Freedom of association and collective bargaining

Dexus employees are employed under individual contracts which comply with the National Employment Standards (NES). All employees are covered by the conditions of an Award or of the NES. Dexus places its employees on an individual agreement, which cannot under legislation, remove any rights an employee has under an award for NES. These awards or standards clearly indicate the all employees are free to associate, and as per the Dexus [Human Rights Policy](#) we do not engage in any practices that discourage freedom of association nor collective bargaining.

Human rights

Dexus's [Human Rights Policy](#) outlines commitments to sustainable procurement, indigenous rights, equal opportunity and relevant legislation. Dexus reviews and monitors human rights against the policy internally and with key service providers and business partners.

The Dexus People & Communities team use a human rights due diligence process including an identity and visa status check during the recruitment process. Any material issues such as a candidate's inability to evidence their right to work will lead to the abandonment of potential employment. All Dexus employees earn wages above Australian legal minimums and are free to associate and enter into collective bargaining agreements.

We uphold human rights in our workplace through:

- building an inclusive and diverse workplace that is free from discrimination, bullying and harassment, and that offers equal opportunity in career advancement
- providing leave entitlements and other benefits enabling employees to enjoy the right to family, recreation and work-life balance
- focusing on employee health and safety through risk management and wellbeing initiatives

Other focus areas identified by the People & Communities in recent human rights assessments include:

- addressing the gap in superannuation to women due to taking parental leave
- reviewing policies and support systems available to employees suffering from domestic violence
- providing services and support systems to employees experiencing mental health concerns.

Dexus conducts exit surveys for staff that leave the business. The surveys help Dexus determine whether organisational culture or human rights considerations contributed to an employee's departure.

3.3 Evaluation and continuous improvement

We regularly evaluate our group strategy and employ several mechanisms to monitor performance against strategic objectives, report progress to the GMC, and drive continuous improvements.

The table below specifies key performance indicators that we use to gauge employee culture, engagement and related themes

Material issue	KPI	Impact
Talent attraction and retention	- Workforce use of flexible working	Enhanced employee satisfaction Stronger employee retention Reduced turnover costs
	- Employee NPS	Reduced incidence of discrimination/harassment
	- Culture index	Enhanced discretionary effort Stronger business ethics
	- Proportion of roles filled internally	Reduced turnover costs
	- Turnover	
Inclusion and Diversity	- Proportion of female senior management	Enhanced decision-making
	- Proportion of female board of directors	Reduced turnover costs
	- WGEA Employer of Choice	Reduced incidence of discrimination/harassment
	- Performance in industry benchmarks	
	- Employee demographics	
Equal remuneration	- Gender pay gap in like-for-like roles	Enhanced employee satisfaction Stronger employee retention Reduced turnover costs
Human capital development	- Employees with performance reviews	Enhanced discretionary effort Stronger employee retention Reduced turnover costs
	- Participation in training programs	Enhanced employee capabilities
Health, safety and security	- WH&S metrics (e.g. lost time injury frequency rate, medical treatment injury frequency rate, fatalities)	Healthier employees Reduced incidence of injury Lower absenteeism Reduced costs associated with workplace injury
Human rights	- Proportion of employees and operations assessed for human rights	Enhanced employee retention
	- Discrimination, harassment and other code of conduct breaches	Compliance with local and international laws and conventions

4 Future Enabled Customers and Strong Communities



Disclosure on Management Approach

Creating value through strong, enduring relationships with our customers, local communities and suppliers.

Dexus owns and manages a diverse Australian property portfolio including office, industrial, retail and healthcare properties, comprising more than 5,000 customers. Our customers vary in size from small businesses to major corporate and government organisations including:

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

Our most material customer-related issues are:

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

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

We also interact with the broader community where we operate. Our most material community-related issues are:

- **Health, safety and security:** we have a duty of care to ensure our properties are safe and deliver healthy environments. We promote health and wellbeing through community programs and activities and in the design of spaces
- **Economic impact on local communities:** We are a major stakeholder in the communities where we operate, and contribute to local communities via corporate giving, community collaborations and partnerships, providing local employment opportunities both through development construction and through the occupation by customers of our property, and delivering community infrastructure including creating spaces where the community can interact

The boundary for our approach encompasses charitable activities for not-for-profit partners and communities surrounding the properties within the Dexus group portfolio.

We report on our supply chain within the value creation outcome of future enabled customers and strong communities. Our Supply Chain DMA is provided at page 40.

4.1 Management framework

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee, collaborate to deliver our objectives of Future Enabled Customers and Strong Communities. The table below provides insight into the relevant management structure and policy framework.

Customers and community management framework		
<p align="center">Dexus Board (Board)</p> <p>Oversight and approval of targets and general strategies for customer experience and community contribution</p>		
<p align="center">Group Management Committee (GMC)</p> <p>Ultimate responsibility for alignment of customer experience and community contribution activities with Dexus's strategy</p>		
<p align="center">Property Executive Committee</p> <p>Management committee with responsibility for overall guidance of effective property management</p>	<p align="center">Corporate Responsibility, Inclusion and Diversity Committee</p> <p>Management committee overseeing community contribution, social enterprise and corporate citizenship strategy</p>	
<p align="center">Delivery functions</p> <p>Customer Office Project Management Group Office Development (including City Retail) Office and Industrial Property Management Retail Operations and Development Sponsorship and Events Marketing Sustainability Risk Compliance</p>		
Focus areas		
<p align="center">The Dexus experience</p> <p align="center">Customer strategy</p> <ul style="list-style-type: none"> - Customer service - Customer engagement and satisfaction - Concierge service - Customer products and services - Property community portals - Customer amenities including end-of-trip facilities and wellness rooms - Dexus Response Centre - Dexus Place, SuiteX - Health and wellbeing services 	<p align="center">Active property management</p> <ul style="list-style-type: none"> - Green leasing - Wellplace - Occupant health and safety - Property risk management - Property environmental ratings - Environmental management system - Continuous improvement targets - Flexible space - Community Managers 	<p align="center">Community contribution</p> <ul style="list-style-type: none"> - City partnerships - Connecting with local communities - Local job creation - Corporate donations - In kind support - Volunteering - Community event partnerships and sponsorships
<p align="center">Policies and commitments</p> <p>Work Health, Safety and Liability Statement Corporate Responsibility Community Complaints Policy Dexus Customer Promise</p>		

Key policies guiding employees on managing customer and community issues include:

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

These policies describe our position on appropriate conduct and behaviour relating to health and safety, civic duty, community engagement, volunteering, philanthropy, process to dealing with a genuine grievance or complaint. Refer to our [website](#) for publicly available policies.

Customer and community objectives

We address customer-related material issues through the following objectives:

- Tracking market volatility and underlying drivers through ongoing research and market analysis
- Adopting a forward leasing strategy designed to manage volatility and deliver stable investor returns
- Securing pre-commitment agreements from new customers and rent guarantees from developers in managing risk for new developments
- Maintaining service excellence to attract and retain high quality customers
- Delivering the best customer experience in Australian real estate through the Dexus customer promise

- Providing safe and productive working and recreational environments
- Maximising property operational efficiency to reduce resource usage and waste, while maximising customer safety, comfort and amenity

We address community-related material issues through the following objectives:

- Enhancing community engagement through employee volunteering which assists charities including but not limited to children and young family support, homeless support and land care organisations
- Supporting charities and community organisations through facilitating events in our office foyers and within retail centres, and raise awareness through community portals
- Providing safe, productive work and recreation environments, with high standards of occupational, health and safety, security and indoor environment quality
- Encouraging community wellness by providing access to wellbeing offerings through property amenities, community portals and fitness programs

Each year we set, review and update corporate commitments within our responsible investment framework following input from our stakeholders. Refer to the Dexus 2019 [Sustainability Performance Pack](#) for details on annual commitments and progress against customer and community priorities.

4.2 Management practices

Dexus Customer Promise

Our aspiration is to build the world's best office platform, renowned for customer centricity and consistently outperforming industry benchmarks. We know that our customers are more likely to be satisfied when we listen to their concerns and address their needs. Our customer-centric approach is underpinned by our Customer Promise to:

- Listen, understand and respond to customer needs
- Make things 'simple and easy'
- Innovate to enrich the customer experience

Our customer promise drives the way in which we operate and contributed to our goal of being a workspace partner of choice.

The Dexus experience

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

- **Wellbeing:** Offering services and amenities that promote the health and wellbeing of customers through quality end-of-trip facilities, yoga, Pilates and fitness classes. (explained further at 'Occupant wellbeing' below)
- **Convenience:** Delivering a convenient work experience through five-star concierge, priority access to childcare, transport solutions, simple and easy leases, and access to Dexus Place, a tailored extension of our customers' work environment that includes meeting, training and conference facilities and bespoke event space supported by state-of-the-art technology
- **Community:** Creating customer communities through activations in our office foyers, convenient local shops, and online property community platforms providing workplace news and information, events and retail offerings
- **Sustainability:** Working with our customers to achieve energy, water and waste efficiencies for their tenancies along with sustainable fit-out designs

Customer and occupant health, safety and wellbeing

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

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

We believe we have an important role in enhancing the health and wellbeing of our customers - both in communities and our value chain. A truly sustainable property integrates environmental and social elements by providing a healthy physical environment. We recognise industry trends towards healthy living and evidence-



based research demonstrating the costs of ill-health to corporate productivity. We have listened to our customers that have identified health and wellbeing as the highest importance to them and their business. Embracing wellness enables us to attract and retain high quality customers and maximise financial performance through high occupancy rates and the ability to set rents that take into account the delivery of products and services across our portfolio.

We promote occupant wellbeing by delivering healthy, productive working lifestyles and environments to our customers and their employees and surrounding communities.

We actively manage property accessibility, indoor environment (internal temperature, humidity and air quality), acoustics, access to natural light, and overall performance to create comfortable indoor working environments that maximise health and productivity.

Through Wellplace, Dexus customers have simple and easy access to a suite of health and wellbeing services, offerings and amenities within the properties and via online community property portals. Wellplace makes it possible for customer of all sizes to offer their employees the same services that have often only been available for large organisations. This includes integrating fitness into office life by providing quality end-of-trip facilities, including bicycle storage and group fitness, yoga and Pilates classes.

We apply the following structure to our Wellplace offer:

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

Leasing approach

We take an active leasing approach to drive portfolio performance and reduce forward lease expiry. Our ‘simple and easy’ lease is designed to simplify negotiations and adopts a common-sense approach centred on creating a partnership with our customers in the execution of the lease. Our portfolio-wide approach to forward leasing provides flexibility to accommodate customers’ needs within the group portfolio, enhancing customer retention and minimising downtime.

We play a leading role in developing the Better Building Partnership (BBP) and were instrumental in designing and communicating its green leasing standard and Gold Lease badge which defines a best practice approach for property owners and occupants to collaborate on sustainability initiatives, encourages information sharing and cooperation and removes barriers to implementing mutually agreed improvements over time.

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

Flexible space

Our customers are increasingly demanding flexibility in their workplace. Our customer solutions that embrace these demands include:

- Dexus Place: Purpose built, state-of-the art meeting, training, conference and research facilities designed to be an extension of customers’ workspace and provide a more cost-effective way to connect
- SuiteX: A flexible workspace that provides greater flexibility in tenure (through a short-term lease) and space with modular design enabling businesses to quickly scale up or down and for Dexus to reuse the fitouts, achieving cost efficiencies

Meeting customers’ sustainability needs through active property management

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

We selectively rate new developments against the Green Building Council of Australia's (GBCA) Green Star Design & As Built rating tool and continue to present Green Star opportunities to all pre-lease construction opportunities.

Operational performance is benchmarked using NABERS and Green Star Performance ratings schemes. Specialist systems support the identification and rectification of issues in building mechanical systems to help maintain optimal property performance.

Refurbishments consider energy efficiency and the environmental impacts of products and services. We engage with customers on sustainability upgrades in properties and how they can achieve efficiencies in their tenancies. We provide fit-out guides that encourage the use of sustainable products and whole life costings.

Health and safety of customers and communities at Dexis properties

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

Local community contribution and engagement

Local community contribution and engagement at our operational assets is focused on enduring our properties support the prosperity, cohesion and wellbeing of the communities in which they are located. We actively support local communities through:

- **Community engagement:** Corporate giving including donations, sponsorships, event partnerships, in-kind support and volunteering
- **Connecting with local communities:** Connecting with customers and communities across our retail centres, collaborating with local councils, chambers of commerce and industry groups on community issues
- **Community hubs:** Creating community hubs for work and recreation at our sub-regional shopping centres and across the city retail precincts which are connected to CBD office properties
- **Community safety:** Interacting with local authorities and the community to proactively maintain safe precincts. Retail centre management works with at-risk youth through local youth groups and schools to take steps towards building safer communities
- **Community investment:** Consulting with the community on new developments and refurbishments to address community concerns, and for new developments incorporating features that benefit customers and the community
- **Creating vibrant working environments:** Connecting with customers at a property level to make their office and industrial properties and the communities they serve vibrant and safe
- **Activating public spaces:** Creating vibrant spaces and experiences, using placemaking to bring the community together
- **Supporting women:** Empowering women in the property industry through hosting events within the property community to raise awareness of gender equality and unconscious bias to urge action.

4.3 Evaluation and process improvement

Customers

We value our customers' opinions and actively engage to assess customer satisfaction levels, gather feedback on our performance, and gain insights to drive innovation.

We have conducted annual customer surveys since 2013 to understand customer sentiment, drive improvements, and monitor the impact of initiatives. In addition, we invest in a Mystery Shopper program that looks at performance across key public areas to anonymously assess performance across:

- External appearance including façade, entrances and lobbies, and car parks
- Interior areas such in lobbies, foyers, seating areas and elevators
- Interaction with concierge, security and cleaning personnel
- Property facilities including end of trip, bathrooms, and retail tenancies

Detailed insights are gathered which provide valuable, independent feedback to facilities management on the day-to-day experience our customers receive.

We use the following key performance indicators to measure the performance of our customer service approach. Annual targets for customer satisfaction and retention drive our leasing and engagement strategies.

Objectives by customer material issue	KPI measure	Impact
Customer attraction and retention		
Deliver exceptional customer service	<ul style="list-style-type: none"> - Customer satisfaction rating with the property manager (1 to 10 scale) - Customer satisfaction rating with the property (1 to 10 scale) - Net Promoter Score (NPS) (-100 to +100 scale) 	<ul style="list-style-type: none"> - Enhanced customer productivity - Enhanced customer wellbeing - Expanded customer base from customer referrals
Property performance	<ul style="list-style-type: none"> - NABERS Energy and water portfolio ratings, which are measured on a scale of 0 to 6 stars, as defined within the National Australian Built Environment Ratings Scheme (NABERS) - Green Star Performance ratings administered by the Green Building Council of Australia (GBCA) 	<ul style="list-style-type: none"> - Reduced outgoings for customers - Enhanced customer wellbeing
Portfolio customer retention rate	<ul style="list-style-type: none"> - Proportion of customers retained within the Dexus portfolio - Likelihood to renew (1 to 10 scale) 	<ul style="list-style-type: none"> - Stronger financial returns from longer leases and reduced downtime between leases
Customer engagement on sustainability	<ul style="list-style-type: none"> - Take up of Green Lease clauses within leases 	<ul style="list-style-type: none"> - Reduced outgoings for customers
Market volatility		
Active forward leasing	<ul style="list-style-type: none"> - Weighted average lease expiry 	<ul style="list-style-type: none"> - Stronger financial returns from longer leases and reduced downtime between leases
Minimise property vacancy	<ul style="list-style-type: none"> - Vacancy rate: vacant area as a proportion of lettable area 	<ul style="list-style-type: none"> - Stronger financial returns from longer leases and reduced downtime

Communities

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

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

We use the following key performance indicators to measure the benefit of our community engagement program.

Community contribution objective	KPI measure	Impact
Corporate giving	- Financial value of cash donations to charitable and community organisations	- Direct support for community issues - Enhanced reputation among communities
In-kind contributions	- Financial value of space provided for use by charitable and community organisations - Financial value of use of awareness-raising tools such as online portals and lift screens for charitable and community organisations	- Enhanced connections between our customers and local communities - Support for community issues by providing access to customers
Encourage employee volunteering	- Total community volunteering hours and percentage participation of all Dexus employees	- Enhanced employee engagement and wellbeing - Enhanced connections between our employees and community organisations

5 Supply Chain



Disclosure on Management Approach

Dexus partners with suppliers to achieve operational efficiencies, enhance customer amenity and positive environmental outcomes.

Material issues and other focus areas that relate to our supply chain include:

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

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

5.1 Supply chain composition

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

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

Dexus classifies its suppliers as follows:

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

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

Dexus's main procurement categories

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



5.2 Supply chain management framework

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

The table below outlines our governance structure and approach to supply chain management.

Supply chain management framework		
Dexus Board (Board)		
Responsibility for approving and overseeing compliance with supply chain policies and statutory disclosures.		
Board Risk Committee		
Responsibility for reviewing and overseeing incorporation of suppliers into Dexus risk and compliance frameworks.		
Property Executive Committee		
Responsibility for oversight of property-level projects and work health and safety issues, including where projects and issues involve suppliers.		
Dexus Sustainability Team <ul style="list-style-type: none"> - Modern slavery reporting - Supplier assessment and engagement on modern slavery - Supplier spend analysis and overall risk assessments 	Dexus Governance, Risk and Compliance Teams <ul style="list-style-type: none"> - Oversight of modern slavery policies and procedures - Providing training to Dexus people about modern slavery - Monitoring compliance - Investigating whistleblower matters and other grievances 	Dexus/CBRE Facilities Management teams <ul style="list-style-type: none"> - Operational procurement - Supplier due diligence - Supplier contractual monitoring
Policies		
Supplier Code of Conduct Sustainable Procurement Tendering Human Rights Environment Work Health Safety & Liability Fraud, Corruption and Bribery (Prevention and Awareness) Conflicts of Interest Development & Construction Dexus Operating Limits Embargo		
Implementation practices		
Procurement <ul style="list-style-type: none"> - Business procedures for procurement - Category standards, minimum requirements and weightings - Risk and opportunity assessment - Supplier engagement - Pre-qualification process - Tendering process - Preferred supplier panel 	Supplier monitoring <ul style="list-style-type: none"> - Rapid Induct contractor management system - In-house property risk management system - Project Control Group (PCG) meetings and reports - Spend analysis - Supplier self-assessments - Contractor spot checks and corrective action plans - Evaluation against contract KPIs and SLAs 	

Our Sustainable Procurement Framework helps minimise potential impacts from our upstream supply chain. Sustainable procurement is built into all supplier engagements through requiring supplier compliance with the policies listed in the table above. Refer to our [website](#) for publicly available policies.

An internal Embargo Policy outlines our approach to managing contractors and service providers that do not meet our performance standards. It identifies the circumstances in which a contractor or service provider will be placed on the Embargo List. Should we determine to place a supplier on the Embargo List, we will not engage with that contractor or service provider until the issues of concern have been appropriately addressed. The Embargo List is updated on an ongoing basis.

Supply chain objectives

We aspire to and dedicate focus towards using our aggregate spend to positively influence our suppliers, contractors, products, services and workers. We take a long-term view to partner with our suppliers to achieve quality service by:

- Fostering a 'no harm' safe workplace with zero fatalities target, and establishing robust safety compliance systems
- Monitoring performance through regular engagement, reporting against contract key performance indicators and supported by regular contractor spot checks for service providers at each Dexus managed property

- Engaging with suppliers through self-assessments to gain a comprehensive insight into their relationship with us through 360-degree feedback, how they manage their own sustainability risks and those for their most significant suppliers

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



5.3 Supply chain management practices

As a signatory to the United Nations Global Compact and the United Nations-supported Principles of Responsible Investment (PRI), we manage our supply chain to account for human rights, environmental, social and economic factors in its purchasing decisions.

We rationalise suppliers where possible by identifying partners that can best meet our needs and optimise their engagement across our portfolio. This leads to fewer suppliers and closer relationships with our business and a greater alignment of interest. It also presents a greater opportunity to embed our sustainability approach with suppliers.

General supply chain management priorities

Our corporate supply chain goals are to:

- Maintain an efficient procurement process operating under sound governance that achieves the best value for money, meets business requirements and delivers financial and sustainability outcomes based on a whole of life costing
- Identify key risks and opportunities particularly in high value, high impact contracts and improve the overall impacts of the products and services we procure
- Mandate that suppliers abide by all minimum standards and laws in the countries in which they operate
- Maintain safe workplaces in line with our goal for 'no harm', safe work environments with zero fatalities
- Treat suppliers and contractors fairly, with respect and dignity demonstrating probity, equity and transparency
- Continue to develop and manage relationships with suppliers and contractors to encourage them to promote a best practice approach to employment practices, social outcomes and the environment
- Challenge suppliers to deliver tangible, innovative and sustainable solutions that deliver mutually beneficial outcomes
- Continue to assess each contract's merits against a set of sustainability principles and ensure environmental and social impacts are assessed in line with our policies and objectives, emerging best practice and industry standards
- Ensure prospective and new suppliers understand sustainability-related contract criteria and requirements
- Mandate that all suppliers acknowledge and abide by the Dexus Supplier Code of Conduct
- Maintain sustainable procurement capability by engaging and upskilling employees and implementing sustainable procurement training for procurement and contract managers
- Collaborate with suppliers and seek feedback as part of contract management
- Where appropriate, increase the purchase of products that support community base charities, are carbon neutral or have a lower carbon footprint, are more efficient or meet internationally recognised sustainability performance standards
- Where appropriate, partner or encourage supplier participation in community engagement and with our philanthropic activities

Understanding supply chain sustainability risk exposure

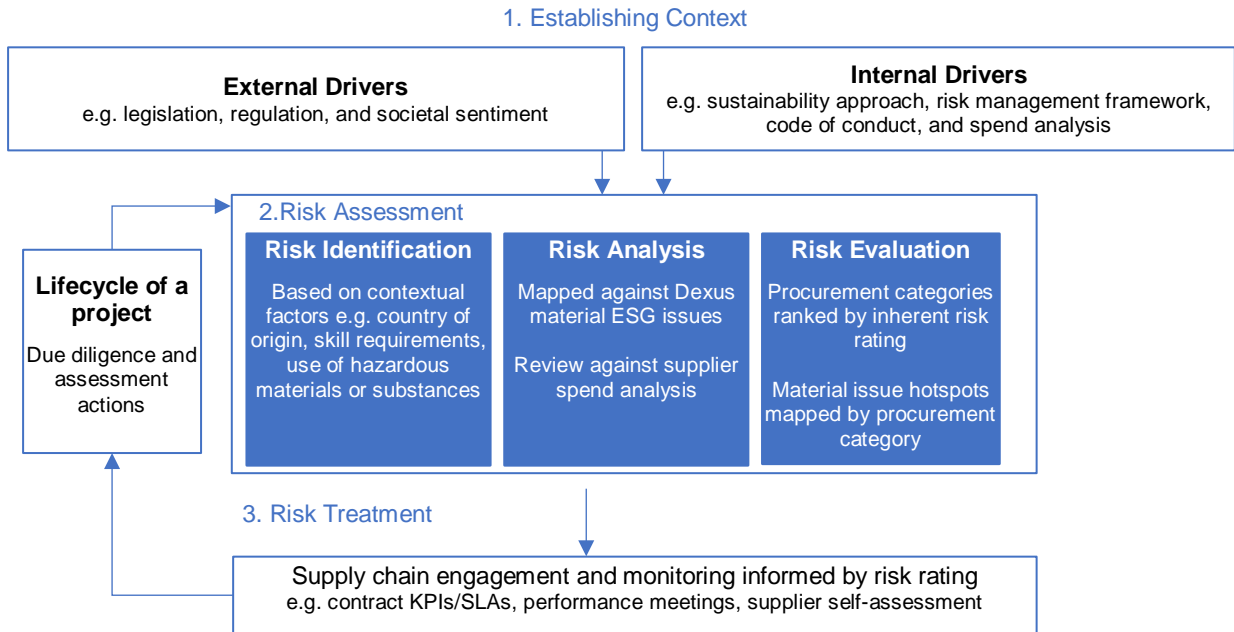
We conduct a periodic group-wide supply chain sustainability risk assessment to identify and categorise the supply chain risks relevant to our geographical operations and the types of products and services it procures.

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

1. Contextual environment, social and governance (ESG) factors are reviewed against emerging trends and issues. These are mapped against our procurement categories to identify the inherent ESG risks that may apply to Dexus
2. Supplier categories with significant inherent risk are analysed against our material ESG issues to assess each in terms of their relevant inherent risk.

3. Inherent risk hotspots are evaluated and ranked within a matrix according to their level of inherent risk.

Supply Chain Risk Management Process



The outcome of the risk assessment is a risk matrix of sustainability risk exposures across each of our major supply chain categories. The matrix informs procurement processes and sustainability ambitions, including specification of requirements, and questions during tendering and the screening of suppliers.

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

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

Managing supply chain across the lifecycle of a project

Our staged procurement and contract management process optimises performance and supplier service levels, manages risk, maintains symbiotic supplier relationships and realise shared value. The overall risk rating for the procurement category and spend details the extent to which due diligence and supplier monitoring is undertaken. The table below details key aspects of this process with reference to supplier engagement over a project lifecycle.



Project stage	Due diligence actions	Assessment actions
0. Supply chain sustainability risk assessment and spend analysis		<ul style="list-style-type: none"> Periodic risk assessment conducted in accordance with our Risk Management Framework to evaluate our procurement categories against external contextual factors. Procurement categories are ranked by inherent risks material to Dexus to inform procurement and supply chain monitoring activities
1. Project is proposed	<ul style="list-style-type: none"> Project owners follow procurement procedures to develop and present a project business case to decision makers Project assigned risk level in accordance with Tendering and Operating Limits Policies Articulate project sustainability goals 	<ul style="list-style-type: none"> Internal audit of Operating Limits Policy
2. Project is approved	<ul style="list-style-type: none"> Project owners: a) procure services directly within agreed limits and preferred panel, or b) work with our procurement team to procure major services via formal tender 	<ul style="list-style-type: none"> Internal audit of Operating Limits Policy
3. Quotes obtained or formal tender is issued	<ul style="list-style-type: none"> Business units work with our procurement team to issue project brief to service providers Service providers may be pre-qualified and selected on our preferred supplier panel Sustainability prequalification criteria specified 	
4. Service provider is selected	<ul style="list-style-type: none"> Sustainability track record, as well as risks and opportunities are evaluated during a rigorous and structured screening and ranking of suppliers, using a balanced scorecard We conduct financial due diligence to establish that a company is viable and can perform the tasks required Assessing a company's capability to perform by reviewing its track record, and seeking feedback from references 	
5. Service provided is appointed	<ul style="list-style-type: none"> We review proposed services to confirm fair value upfront and avoid later uplift Service providers contractually agree to the Dexus Sustainable Procurement Policy and Supplier Code of Conduct 	
6. Service is undertaken		<ul style="list-style-type: none"> Contractor management systems track on-site contractor activity and ensure contractors maintain licences and insurances Project Control Group (PCG) holds regular meetings between Dexus and suppliers and receive progress reports
7. Service is monitored	<ul style="list-style-type: none"> Our procurement team monitors supplier performance through site feedback, 	<ul style="list-style-type: none"> We conduct site-level contractor spot checks to evaluate performance and develop

	regular performance meetings and tracking against project KPIs	<ul style="list-style-type: none"> corrective action plans where required - Evaluation against contract KPIs and SLAs - Suppliers periodically complete a self-assessment to provide us with insights into their business-related sustainability issues and gather feedback on its performance as a partner
8. Project completion	<ul style="list-style-type: none"> - We evaluate the effectiveness and value for money as part of retaining service providers - We conduct period spend analysis to maintain a current view of critical suppliers and commodities 	<ul style="list-style-type: none"> - Suppliers periodically complete a self-assessment to provide us with insights into their business-related sustainability issues and gather feedback on its performance as a partner

Tender documentation and service agreements integrate sustainability policies and key performance indicators. Dexus communicates its expectations and environmental, social and governance (ESG) requirements to all suppliers and requires each one to operate in line with a Supplier Code of Conduct as well as understand Dexus's procurement requirements and commitments outlined in its Sustainable Procurement Policy and Human Rights Policy.

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

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

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

We prioritise supplier engagements based on the commodity/service involved, the size of the contract, supplier values and its criticality to business continuity.

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

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

Addressing modern slavery risk in our supply chain

Dexus's [Sustainable Procurement Policy and Supplier Code of Conduct](#) requires all suppliers in our supply chain to comply with our [Human Rights Policy](#). The Human Rights Policy explicitly states Dexus's commitment to support internationally recognised human rights, including everyone's right to be free from slavery. We have worked with our suppliers to understand modern slavery risk and prepare for the reporting requirements of the Australian *Modern Slavery Act 2018*.

Requirements related to identifying, understanding and mitigating modern slavery risk are included in supplier contractual documentation and returnable schedules.

We conduct due diligence on suppliers throughout all phases of our engagement with them to understand human rights risk exposure and any potential breaches. We understand that our supply chain extends beyond the suppliers with whom we have a direct contractual relationship and we are committed to working with our suppliers to assess and address human rights risks in their supply chains, including where these supply chains extend outside of Australia.

We have put processes in place to connect with individuals across our supply chain and establish opportunities for individuals at risk to identify and escalate concerns. We maintain grievance and whistleblower mechanisms (refer to the Sustained Value DMA in this DMA series) for stakeholders to safely, confidently and anonymously raise concerns about modern slavery in our supply chain.

We have collaborated with industry peers through the Property Council of Australia (PCA) to develop a common supplier due diligence questionnaire that can be used across the industry to assess supplier modern slavery risk and enhance industry practice.

When it comes to our attention that an individual in our supply chain may be impacted by modern slavery, we commit to investigate the matter and to take appropriate action to mitigate the modern slavery risk that was identified. The appropriate action will depend on whether we have caused the impact, contributed to the impact, or are linked to the impact through our business relationships. In all cases, our focus will be on mitigating the risk to the individual(s), experiencing the impact and using our leverage to foster continuous improvement.



Procurement procedures

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

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

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

Tender process

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

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

Employee responsibilities and training

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

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

Supplier monitoring and relationship management

We monitor the performance of major contracts through:

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

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

Contractor health and safety

Dexus recognises its duty of care to manage any work health and safety risks across its managed property portfolio, including activities of its suppliers or contractors. Dexus's Workplace Health, Safety and Liability (WHS&L) statement outlines how Dexus manages property risks. It states the group's commitment to maintaining safe properties, working with stakeholders to manage hazards, risks and continuous monitoring. Dexus implements a safety management system that is certified against OHSAS 18001 to address WHS&L risks across the portfolio. Dexus uses a third-party tool across all Dexus managed properties to monitor contractor WHS management systems and manage compliance of contractors regarding insurance, WHS and inductions.

The Dexus Work Health Safety & Liability Manual sets out a consistent approach for contractor management across our portfolio. We focus on contractor health and safety at our sites through:

- Delivering Dexus Contractor Induction and site-specific inductions that confirm contractor qualifications and make them aware of site-specific risks and procedures before work commences

- Ensuring contractors are using the contractor management system and that they have supplied current documentation (e.g. contractors' licences, insurance certificates, Safe Work Method Statements, WHS Plans)
- Confirming that contractors correctly use the forms and permits relevant to their activities
- Consulting with contractors on WHS activities through 'tool-box talks' or using the Health & Safety meeting agenda available in Dexus's safety management system
- Reviewing contractor health and safety performance through conducting regular contractor spot checks, which are to be conducted across all properties at least monthly, with at least one annual spot check conducted for each contractor



Grievance mechanism

Feedback from or about a contractor that becomes a formal grievance is addressed through Dexus's Complaints Policy. Further details are available in the Sustained Value DMA within this DMA series.

5.4 Evaluation and process improvement

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

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

Objectives by material issue	KPI	Impact
Supply chain management and sustainable procurement		
Maintain value aligned partnerships	<ul style="list-style-type: none"> - Number of critical suppliers - Supplier relationship satisfaction score (0 to 10) - Supplier net promoter score (-100 to +100) - Value for money 	<ul style="list-style-type: none"> - Stronger supplier relationships - Maintained service continuity - Minimise costs associated with service disruptions
Effective service delivery	<ul style="list-style-type: none"> - Customer satisfaction survey - Feedback from customers and/or facility managers - Supplier conformance and legal compliance (fines, penalties and breach notices) - Achievement of contract KPIs and SLAs 	<ul style="list-style-type: none"> - Customer satisfaction - Increased likelihood to renew leading to sustained revenue generation - Reduced compliance costs
Human rights		
Readiness for Modern Slavery legislation	<ul style="list-style-type: none"> - Supplier Code of Conduct in contracts - Spot checks - Contractor KPIs related to human rights due diligence - Supplier coverage of modern slavery due diligence questionnaire - Number of grievances - Incidents of non-conformance 	<ul style="list-style-type: none"> - Reduced compliance costs associated with human rights - Enhanced reputation through minimal human rights impacts at Dexus sites
Fair Working Conditions	<ul style="list-style-type: none"> - Incidents of non-conformance - Corrective action plans 	
Health, safety and security		
Maintain a safety culture	<ul style="list-style-type: none"> - Contractor compliance with on-site WH&S systems - WH&S metrics (e.g. lost time injury frequency rate, medical treatment injury frequency rate, fatalities) - Incidents of non-conformance 	<ul style="list-style-type: none"> - Enhanced worker health and wellbeing - Reduced incidence of injury - Reduced compliance costs associated with WH&S - Enhanced reputation through minimal WH&S impacts at Dexus sites - Reduced insurance costs

6 Enriched Environment

We recognise we have a duty of care to our stakeholders: investors, customers, employees, agents and the wider community, to sustain and protect the environment during the management of our property portfolio, and ensure environmental obligations receive equal importance to our commercial and competitive obligations.

As a signatory to the United Nations Global Compact, Dexus acknowledges the United Nations Sustainable Development goals (SDGs) advocating for responsible consumption and production of resources, and acknowledge our contribution in promoting greater environmental responsibility.

We understand the increasing environmental and social challenges caused by climate-related impacts to the environment and their effects on our communities, and we recognise our role to limit those long-term effects of human-induced climate change in line with the goals of the Paris Climate Agreement.

We seek to enhance property portfolio environmental resilience by minimising our greenhouse gas emissions impact, adapting for change through environmentally friendly technologies, and influencing across our value chain. Dexus is committed to transitioning to a low carbon future through the Group's target to achieve net-zero greenhouse gas emissions by 2030.

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

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

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

Our material environmental issues include:

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

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

6.1 Management framework and objectives

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

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

Several areas of our business, under the leadership of the Dexus Board and Group Management Committee, collaborate to deliver these goals. The table below provides insight into the relevant management structure and policy framework. Several policies are publicly available on the Dexus [website](#).

Enriched Environment management framework			
Dexus Board			
Oversight of the integration of environmental considerations into Dexus's strategy, risk management and statutory reporting.			
Board Risk Committee			
Oversight of the implementation of environmental initiatives to maintain Dexus's position as a leader in sustainability.			
Group Risk Committee			
Oversight of portfolio sustainability initiatives, linking business operations and corporate governance.			
Dexus/CBRE Strategic Management Committee		Retail Operations team	
Partnership committee across CBRE-managed properties providing oversight on delivery, performance team engagement and innovation		Team managing property and facility management operations across Dexus-managed retail centres	
Enriched Environment delivery			
Risk and Compliance teams	Corporate Sustainability team	Office, Industrial and Retail teams	Developments and Capital Works team
Responsibilities include: - Environmental management system - Climate change risk - Hazardous materials management	Responsibilities include: - Resource efficiency - Employee engagement - Sustainable procurement - Industry engagement - Continuous improvement targets - Carbon neutrality - Oversight of building environmental ratings	Responsibilities include: - Building operations - Asset planning - Customer engagement and green leasing	Responsibilities include: - New developments - Major refurbishments - Customer fit outs - Biodiversity assessments
Policies and systems			
Environmental Statement Biodiversity Work Health Safety & Liability Environmental Management System			

Environment Statement

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

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

Dexus's commitments and targets

Each year we set, review and update corporate commitments within its responsible investment framework and sustainability approach.

In line with a precautionary approach to environmental challenges, we aspire to and dedicate focus towards minimising the overall environmental impact of our operations, in the development, management and refurbishment of properties. We have committed to:

- Deliver 1,000,000 square metres to a minimum 5 star NABERS Energy rating and 4 star NABERS Water rating across the group's office portfolio by 2020
- Establish new 2025 energy and emissions reduction targets as part of our pathway to net zero emissions by 2030
- Consistently demonstrate a resource recovery rate of 80 per cent by 2020 from de-fitting vacated space, actively identifying resources for re-use and increasing waste diversion from landfill

Refer to the Dexus Annual Reporting Suite on our [website](#) for further disclosure of annual commitments and progress against key priorities.

6.2 Management practices

Key actions contributing to Enriched Environment priorities are listed in the table below.

Priority	Actions
Being an innovative, leading environmental performer	<ul style="list-style-type: none"> - Set environmental performance targets for all investments - Maximise energy and water performance of properties rated under NABERS - Outperform industry benchmarks for GHG emissions, waste, indoor environmental quality, transport and social performance - Comply with applicable legislation
Optimising building environmental performance and resilience	<ul style="list-style-type: none"> - Identify opportunities to enhance both environmental and social performance - Prepare strategic improvement plans for properties that quantify the ratings enhancement, energy saved and the required investment
Being a sustainable developer	<ul style="list-style-type: none"> - Incorporate sustainable design within new developments, leveraging best practices tools such as the Green Star rating system - Establish minimum energy performance benchmarks through NABERS Commitment Agreements
Being a low carbon energy producer	<ul style="list-style-type: none"> - Collaborate with industrial customers to incorporate on-site solar electricity generation for new industrial developments - Reduce emissions by evaluating and pursuing opportunities to incorporate renewables across existing industrial and retail properties
Creating customer environmental partnerships	<ul style="list-style-type: none"> - Collaborate with customers to improve environmental performance of Dexus properties and its tenancies through Green Lease clauses, customer and fit-out guidelines, and support
Adapting for environmental resilience	<ul style="list-style-type: none"> - Assess the impacts of climate change and extreme weather events and address appropriate mitigation and adaptation actions - Assess biodiversity risks and opportunities to create a net positive benefit

Energy and emissions

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

Climate change risk and response

Climate change presents a range of risks to the Dexus portfolio and business strategy, including:

- **Direct physical risks** to property and infrastructure as a result of extreme weather events such as floods, storms and heatwaves, potentially resulting in significant impacts to operations
- **Indirect physical climate risks** where climate events disrupt systems upon which an asset relies (e.g. energy supplies, communications, transport), resulting in impacts on building operations, customers and occupants
- **Transitional risks**, such as the potential impacts of technological and market shifts, business model risks, and political decision-making on operational goals for both individual properties and the overall Dexus business

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

We seek to enhance property and portfolio climate resilience by minimising our greenhouse gas emissions impact, adapting for change and influencing across our value chain. Dexus is committed to transitioning to a low carbon future through the Group's target to achieve net-zero greenhouse gas emissions by 2030.

Climate resilience strategy

Dexus's climate change resilience strategy involves:

1. Mitigating our impact through decarbonisation, energy efficiency and renewable energy.
2. Adapting to physical and transitional risks relevant to our properties, people and operations, and leveraging climate change-related opportunities.
3. Influencing our value chain by engaging customers and suppliers to reduce climate impacts.

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

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

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



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

Climate scenario modelling

Dexus has conducted a qualitative and quantitative portfolio-wide assessment of climate change risk, incorporating medium and long-term greenhouse gas emission scenarios (RCP 4.5 and RCP 8.5) from the 5th Intergovernmental Panel on Climate Change (IPCC) report as well as climate projections from the CSIRO and the NSW Office of Environment and Heritage (OEH).

The RCP 8.5 scenario was chosen to provide us with an indication of high-impact climate-related outcomes, including the magnitude and specific locations where they are likely to occur. A geospatial analysis was conducted to map our properties against their relevant climate-zones and link to the scenario outcomes. Risk exposure was rated for each property using our standard 2-dimensional risk rating matrix, which assesses likelihood and consequence for each type of physical risk.

We also reviewed property-specific scenario data including flood maps, and likely frequency and intensity of bushfires and tropical storms to assess each property and identify hotspots in each geographical market. To sense check these results we surveyed facility and operations managers to assess climate vulnerability at their properties. Analysis has informed the overall level of physical risk exposure across all existing properties and geographical hotspots. Data is used to inform future investments and establish mitigation plans for existing investments.

Climate resilience is also included as an 'Aspect' within the Dexus Environmental Management System to provide a structured property risk management process to evaluate vulnerability and develop adaption actions moving forward.

High risk properties will undertake site-specific climate change risk assessments to evaluate significant climate-related vulnerabilities and adaptation actions.

Climate change disclosure

To enhance disclosure on these impacts, Dexus has publicly committed to adopting the Task Force on Climate-related Financial Disclosures (TCFD) framework. TCFD provides an effective lens for us to communicate with investors on where direct and indirect risks and opportunities exist, and the action we are taking to address them.

To date, we have assessed our alignment with TCFD, and published disclosure within our Sustainability Performance Pack which is available via our [website](#). To further our understanding, we are bringing together teams across Dexus to combine data for new insights. These insights will be used to inform portfolio strategy and to enhance disclosure on our ongoing TCFD journey.

Reducing Dexus's emissions footprint

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

Emissions management

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

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

Carbon neutrality

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

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

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

Resource efficiency

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

We develop Strategic Improvement Plans (SIPs) to maximise operational performance and reduce resource consumption. Our SIPs cover four elements:

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

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

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

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



Examples of water management initiatives include:

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

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

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

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

Renewable energy

We support the development of renewable energy and distributed energy generation across its portfolio. We purchase accredited GreenPower which is electricity that is certified as renewable and 100 per cent emissions free.

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

Waste management

We contribute to and adopt the Sydney-based Better Buildings Partnership (BBP) best practice guidelines for operational and strip-out waste management.

Operational waste

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

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

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

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

De-fit (strip out) waste

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

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



Biodiversity

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

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

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

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

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

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

Environmental risk management and hazardous materials

We conduct a comprehensive risk audit program to identify, evaluate and mitigate the following risks:

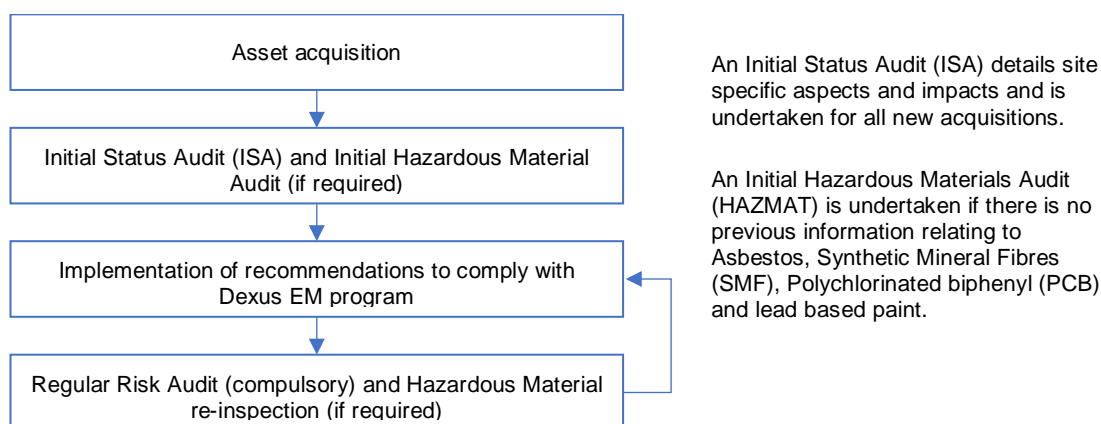
- Personal health and safety audits: compliance/spot audits, work health and safety risk profile, certification of safety system to international standard OHSAS 18001, Principal Contractor audit, incident investigations
- Building safety: confined space risk assessment, plant risk assessment, façade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

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

Environmental Management System

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

The Environmental Management program involves the following environmental management approach:



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

- Storage of environmentally hazardous materials - Environmentally hazardous materials can have a significant environmental impact if released to the environment
- Waste generation - Management of solid and liquid waste materials requires safe handling and disposal
- Stormwater discharge - Release of contaminants to stormwater may result in the degradation of stormwater quality, with potential subsequent impact on surface waterways
- Trade waste and wastewater discharge - Discharge of wastewater to sewer requires a Trade Waste Agreement. Release of unlicensed discharges to sewer may lead to prosecution
- Emissions to atmosphere - Emissions to atmosphere (such as the discharge from cooling towers and kitchen exhausts, etc.), are managed to meet regulatory standards. We also recognise emissions of ozone depleting substances and refrigerants from air-conditioning and refrigeration
- Noise emissions - Noise and vibration may cause a nuisance to neighbouring properties or customers and give rise to complaints and subsequent prosecution under environmental legislation
- Site contamination - Site contamination can result from loss of materials to soil and groundwater (leakage from underground storage tanks is a common source of soil and groundwater contamination)
- Climate change - The manifestations of climate change include higher temperatures, altered rainfall patterns, and more frequent or intense extreme events such as heatwaves, drought, and storms
- Energy management - Energy management activities aim to reduce energy consumption including electricity, natural gas and diesel to minimise the overall environmental impact of operations.

6.3 Stakeholder collaboration on environmental performance

We collaborate across our value chain and conduct ongoing activities to manage and improve environmental performance. Key stakeholders include customers, employees, facility management and suppliers.

Customers

We collaborate with customers to improve their sustainability performance and awareness through initiatives such as City Switch, a national tenant energy efficiency program. We are both a signatory and a landlord within the program.

We aim to drive improvements in customers' energy efficiency through green building committees and other programs. These programs include involvement in the annual Earth Hour campaign and the National Australian Built Environment Rating System (NABERS) Energy and Water ratings.

We undertake initiatives to receive regular, open feedback from our customers. Customer feedback helps to determine the important sustainability issues that keep property performance on the right track.

Employees

We have established dedicated employee working groups with mechanisms in place to improve engagement on environmental sustainability and drive environmental performance. We also encourage employees to pursue professional development in sustainability, with a number of Dexus's development managers having achieved Green Star professional accreditation from the Green Building Council of Australia.

Facility managers

Dexus directly manages more than 90% of the properties within the group portfolio. The remaining co-owned properties are managed either by the co-owners or by a jointly-appointed independent property manager.

We engage regularly with co-owners and independent property managers to review their performance against the property management agreements, and to monitor alignment with Dexus's policies, procedures and KPIs.

We work closely with our facility manager partners for directly managed sites which involves day-to-day interaction regarding operations to maximise property performance, deliver customer service and respond to customer needs.

We employ dedicated retail management teams across directly managed retail centres. These teams work closely with the retail management team to maximise the performance of each centre within its local community.

Suppliers

We engage with like-minded suppliers on sustainability issues and practices. We work with preferred property services providers and equipment vendors to select best-of-breed products to maximise environmental performance while meeting performance expectations. We communicate our sustainability expectations to all suppliers through the Dexus Sustainable Procurement Policy and Supplier Code of Conduct and suppliers contractually agree to support these policies. Please refer to the Supply Chain section of this document for further information.

6.4 Evaluation and continuous improvement

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

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

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

We employ measures to assess ESG performance including:

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

Environmental performance undergoes ongoing review through:

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

We measure our success in environmental performance in the following ways:

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



The table below outlines key performance indicators that we use to measure environmental performance.

Material issue and objective	KPI	Impact
Energy consumption and greenhouse gas emissions - Reduce like-for-like portfolio energy use and greenhouse gas emissions	- Absolute energy consumption (GJ) - Absolute scope 1 and 2 greenhouse gas emissions (t. CO ₂ -e)	- Reduction in extraction and use of fossil fuels - Mitigation of climate change
Energy efficiency - Maximise portfolio energy efficiency accounting for portfolio changes	- Energy intensity (MJ/sqm)	- Better utilisation of natural resources - Reduced energy costs
Climate change impacts - Target Australian best practice in building energy and emissions performance	- NABERS Energy portfolio star rating - Greenhouse gas emissions intensity (kgCO ₂ -e/sqm)	- Lower greenhouse gas emissions through focus on leading performance - Mitigation of climate change
Water consumption and efficiency - Target Australian best practice in building water performance	- NABERS Water portfolio star rating - Water consumption intensity (litres/sqm)	- Reduction in use of potable water and better utilisation of water on site - Reduced water costs
Waste management - Maximise data collection coverage across office and retail portfolio - Increase recycling rate and reduce the percentage of waste sent to landfill across office and retail portfolio	- Waste data coverage = Percentage of total office and retail lettable area with waste data - Waste diversion (%) = total recycled waste / (total recycled waste + waste to landfill)	- Understanding of Dexus waste management impacts - Reduced volumes of waste sent to landfill and associated avoided greenhouse gas emissions - Diverted materials available for reuse, repurposing or recycling, reducing reliance on new raw materials - Reduced waste management costs
Biodiversity - Net positive impact and have integrated biodiversity management within the business	- Green Star rating of ecological value credits for new developments - Landcare volunteering - Biodiversity KPIs / SLA in landscaping contract	- Protect and promote local ecology, enhancing ecosystem productivity and agriculture, and maintaining ecological diversity



GRI Index

2019

dexus



A content index supporting the alignment of the Dexus 2019 Annual Reporting Suite with the GRI Standards.

2019 GRI Content Index



Dexus referred to the Global Reporting Initiative (GRI) Standards to determine the 2019 Annual Reporting Suite boundaries for guidance on identifying and reporting its material issues, management approaches and reporting key performance indicators across stakeholder groups including investors, employees, customers, suppliers and the community.

Dexus has elected to prepare a GRI report in accordance with GRI Standards (Core) reporting guidelines. This required Dexus to implement the GRI reporting principles to disclose our approach and performance against a list of standard disclosures as well as specific and sector related disclosures based on the list of Dexus's material topics.

Dexus has reported against the two main types of disclosures contained with the GRI Standards with the addition of the G4 Construction and Real Estate Sector Supplement:

- **General Disclosures:** Disclosures that set the overall context for understanding Dexus's performance such as strategy, profile, and governance.
- **Material Topic Disclosures:** [Disclosures on Management Approach](#) and indicators that elicit comparable information on Dexus's economic, environmental and social performance for each material issue.

General disclosures

Number	Disclosure	Reference	Remarks/Omissions
GRI 102: General Disclosures 2016			
102-1	Name of the organization	Annual Report , page 4 – About Dexus	
102-2	Activities, brands, products, and services	Dexus website	Dexus does not produce or sell any products that are banned in certain markets.
102-3	Location of headquarters	Dexus website – Contact	Level 25, Australia Square, 264 George Street Sydney NSW 2000
102-4	Location of operations	Annual Report , page 4 – About Dexus	Dexus operates in Australia
102-5	Ownership and legal form	Dexus website – Corporate Governance	Dexus (DXS) is a publicly traded real estate investment trust listed on the Australian Securities Exchange.
102-6	Markets served	Annual Report , pages 4-5 – About Dexus and Our Purpose	
102-7	Scale of the organization	Annual Report , page 4 – About Dexus Annual Report , pages 22-27 – Material issues and risks Annual Report , page 96 – Consolidated Statement of Comprehensive Income Annual Report , page 97 – Consolidated Statement of Financial Position Annual Report , page 160 – Investor Information: Top 20 security holders at 31 July 2019	
102-8	Information on employees and other workers	Sustainability Performance Pack , pages 20-26 – Thriving People Sustainability Data Supplement , pages 7-17 – Thriving People	
102-9	Supply chain	Disclosures on Management Approach , pages 40-48 – Supply Chain Sustainability Data Supplement , page 20 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	
102-10	Significant changes to the organization and its supply chain	Annual Report , pages 6-11 – Chair and CEO Review Annual Report , page 28-61 – Performance Sustainability Data Supplement , page 20 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	



Number	Disclosure	Reference	Remarks/Omissions
102-11	Precautionary Principle or approach	Corporate Governance Statement , page 17- Principle 7 – Recognise and manage risk Disclosures on Management Approach , page 49	
102-12	External initiatives	Dexus website – Memberships and affiliations 2019 PRI Transparency Report 2019 CDP Report	Dexus's corporate voluntary commitments include: Principles for Responsible Investment (PRI), United Nations Global Compact (UNGC), CDP Climate Change, National Carbon Offset Standard (NCOS), FTSE4Good, CitySwitch, Better Buildings Partnership, Dow Jones Sustainability Indexes (DJSI) and Global Real Estate Sustainability Benchmark (GRESB).
102-13	Membership of associations	Dexus website – Memberships and affiliations	
102-14	Statement from senior decision-maker	Annual Report , pages 6-11 – Chair and CEO Review	
102-15	Key impacts, risks, and opportunities	Annual Report , pages 6-11 – Chair and CEO Review Annual Report , pages 12-27 – Approach, Material issues and risks – Strategy 2019 CDP Report , pages 8-26 – Module C2: Risks and opportunities Disclosures on Management Approach , Sustained Value, pages 4-13 Disclosures on Management Approach , Leading Cities, pages 14-23 Disclosures on Management Approach , Thriving People, pages 24-32 Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 33-39 Disclosures on Management Approach , Supply Chain, pages 40-48 Disclosures on Management Approach , Enriched Environment, 49-62	
102-16	Values, principles, standards, and norms of behaviour	Annual Report , page 8 – Our Purpose Sustainability Performance Pack , page 9 Disclosures on Management Approach , Thriving People, pages 24-32 Corporate Governance Statement , pages 12-13 – Principle 3 – Act Ethically and Responsibly	
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance Statement , pages 12-13 – Principle 3 – Act Ethically and Responsibly Corporate Governance Statement , page 14 – Principle 4 – Safeguard Integrity in Corporate Reporting Corporate Governance Statement , page 17 – Principle 7 – Recognise and Manage Risk Disclosures on Management Approach , Sustained Value, pages 4-13 Whistleblower Policy	
102-18	Governance structure	Corporate Governance Statement , pages 2-3 Corporate Governance Statement , pages 4-5 – Principle 1 – Lay solid foundations for management and oversight Corporate Governance Statement , pages 6-11 – Principle 2 – Structure the Board to add value Corporate Governance Statement , pages 12-13 – Principle 3 – Act Ethically and Responsibly Corporate Governance Statement , page 14 – Principle 4 – Safeguard Integrity in Corporate Reporting Corporate Governance Statement , page 17 – Principle 7 – Recognise and Manage Risk	
102-19	Delegating authority	Corporate Governance Statement , pages 12-13 – 3.4 Sustainability and responsible investment Disclosures on Management Approach , Sustained Value, page 5 – Corporate governance Disclosures on Management Approach , Future Enabled Customers and Strong Communities, page 34 – Management framework Disclosures on Management Approach , Supply Chain, page 42 – Management framework Disclosures on Management Approach , Enriched Environment, page 50 – Management framework	



Number	Disclosure	Reference	Remarks/Omissions
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance Statement , pages 12-13 – 3.4 Sustainability and responsible investment	
102-21	Consulting stakeholders on economic, environmental, and social topics	Dexus Website – Contact Us Corporate Governance Statement , page 16 – Principle 6 – Respect the Rights of Security Holders Sustainability Performance Pack , page 12 – Investor engagement on ESG Disclosures on Management Approach , Leading Cities, pages 14-23 Disclosures on Management Approach , Enriched Environment, page 58 – Stakeholder collaboration	Dexus has four Board Committees to assist in fulfilment of its responsibilities. There are seven committees including the Group Management Committee (the senior executives of the organisation). Employees are able to make recommendations through these forums as well as directly to senior management. Security holders may attend the Annual General Meeting (AGM) in person to meet the Board of Directors and Executive team. The Investor Relations team facilitate engagement with investors including regular meetings with investors. A feedback mechanism and enquiry facility is available on the Dexus website to facilitate investor and stakeholder feedback. Additionally, investors can make enquiries through the Registry info line.
102-22	Composition of the highest governance body and its committees	Annual Report , pages 62-67 – Governance Corporate Governance Statement , pages 6-11 – Principle 2 – Structure the Board to add value	
102-23	Chair of the highest governance body	Annual Report , pages 64-65 – Board of Directors	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement , pages 4-5 – Principle 1 – Lay solid foundations for management and oversight Corporate Governance Statement , pages 6-11 – Principle 2: Structure the Board to Add Value	
102-25	Conflicts of interest	Dexus website – policies Corporate Governance Statement , pages 6-11 – Principle 2 – Structure the Board to add value Corporate Governance Statement , pages 12-13 – Principle 3 – Act Ethically and Responsibly Annual Report , page 92 – Directors' directorships in other listed entities	Dexus has strict policies which address conflicts of interest including: Director Code of Conduct; Employee Code of Conduct; Conflicts of Interest – Personal Policy (including gifts and entertainment); Securities Trading Policy (including Inside Information). Potential conflicts and related party transactions are overseen by the Compliance Manager and are reported on a regular basis to the Board Risk Committee and the Board.
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement , pages 4-5 – Principle 1 – Lay solid foundations for management and oversight Annual Report , pages 29, 39, 51, 55, 59, 69 – Board focus areas Disclosures on Management Approach , Sustained Value, page 5 Disclosures on Management Approach , Leading Cities, page 15 Disclosures on Management Approach , Thriving People, page 25 Disclosures on Management Approach , Future Enabled Customers and Strong Communities, page 34 Disclosures on Management Approach , Supply Chain, page 42 Disclosures on Management Approach , Enriched Environment, page 50	
102-27	Collective knowledge of highest governance body	Corporate Governance Statement , pages 6-11 – Principle 2: Structure the Board to Add Value Annual Report , pages 62-67 – Governance: Board skills and experience	
102-28	Evaluating the highest governance body's performance	Corporate Governance Statement , pages 4-5 – Principle 1 – Lay solid foundations for management and oversight Board Performance Evaluation Policy	



Number	Disclosure	Reference	Remarks/Omissions
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance Statement , page 17 – Principle 7: Recognise and manage risk Annual Report , pages 12 – 27 – Approach, Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , Sustained Value, pages 4-13 Disclosures on Management Approach , Leading Cities, pages 14-23 Disclosures on Management Approach , Thriving People, pages 24-32 Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 33-39 Disclosures on Management Approach , Supply Chain, pages 40-48 Disclosures on Management Approach , Enriched Environment, 49-62	
102-30	Effectiveness of risk management processes	Corporate Governance Statement , page 17 – Principle 7: Recognise and manage risk Annual Report , pages 12-27 – Approach, Material issues and risks Disclosures on Management Approach , Sustained Value, pages 4-13	
102-31	Review of economic, environmental, and social topics	Annual Report , page 91 – Directors Report – Attendance of Directors at Board Meetings and Board Committee Meetings Corporate Governance Statement , page 17 Principle 7: Recognise and manage risk Sustainability Performance Pack , pages 4-5 – Material issues Disclosures on Management Approach , Sustained Value, pages 4-13	
102-32	Highest governance body's role in sustainability reporting	Corporate Governance Statement , pages 12-13 – Principle 3 – 3.4 Sustainability and responsible investment	The 2019 Annual Report is an integrated report that discloses Dexus's financial and sustainability performance. The report has been reviewed and approved by senior executives and managers across all business units with final approval provided by the Dexus Board.
102-33	Communicating critical concerns	Corporate Governance Statement , page 17 – Principle 7: Recognise and manage risk Disclosures on Management Approach , Sustained Value, pages 4-13	
102-34	Nature and total number of critical concerns	Annual Report , pages 29, 39, 51, 55, 59, 69 – Board focus areas Annual Report , pages 12-27 – Approach, Material issues and risks Sustainability Performance Pack , pages 46-50 Our approach to climate-related issues Sustainability Data Supplement , page 13 – employee relations matters	
102-35	Remuneration policies	Corporate Governance Statement , page 18 – Principle 8: Remunerate fairly and responsibly Annual Report , pages 68-89 – Remuneration Report	
102-36	Process for determining remuneration	Annual Report , pages 68-89 – Remuneration Report	
102-37	Stakeholders' involvement in remuneration	Annual Report , pages 6-11 – Chair and CEO Review Corporate Governance Statement , page 16 – Principle 6 – Respect the Rights of Security Holders Annual Report , pages 68-89 – Remuneration Report	
102-38	Annual total compensation ratio	Sustainability Data Supplement , page 17 – Thriving People, Remuneration ratios	
102-39	Percentage increase in annual total compensation ratio	Sustainability Data Supplement , page 17 – Thriving People, Remuneration ratios	
102-40	List of stakeholder groups	Disclosures on Management Approach , Leading Cities, pages 14-23	



Number	Disclosure	Reference	Remarks/Omissions
102-41	Collective bargaining agreements	Sustainability Data Supplement , page 14 – Thriving People, Recruitment	
102-42	Identifying and selecting stakeholders	Sustainability Performance Pack , page 4 – Material Issues Sustainability Performance Pack , page 5 – Boundaries and Independent Assurance Disclosures on Management Approach , Leading Cities, pages 14-23	
102-43	Approach to stakeholder engagement	Dexus website – Sustainability Approach Sustainability Performance Pack , page 3 – Material Issues Sustainability Performance Pack , page 5 – Boundaries and Independent Assurance Disclosures on Management Approach , Leading Cities, pages 14-23	
102-44	Key topics and concerns raised	Sustainability Performance Pack , page 4 – Material Issues	
102-45	Entities included in the consolidated financial statements	Annual Report , page 100 – Financial Report – About this report	
102-46	Defining report content and topic Boundaries	Sustainability Performance Pack , page 4 – Material Issues Sustainability Performance Pack , page 5 – Boundaries and Independent Assurance Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
102-47	List of material topics	Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
102-48	Restatements of information	2019 Annual Report , page 145 – Note 24 Changes in accounting policies Sustainability Performance Pack , page 53 – Enriched Environment – Resource Consumption Methodology	
102-49	Changes in reporting		There have been no significant changes from previous reporting periods in the boundary, or measurement methods applied in the report.
102-50	Reporting period		Fiscal year 2019 (1 July 2018 – 30 June 2019)
102-51	Date of most recent report		Fiscal year 2018 (1 July 2017 – 30 June 2018)
102-52	Reporting cycle		Reporting cycle is annual, period ending 30 June 2019
102-53	Contact point for questions regarding the report	Annual Report , page 159 – Making contact	
102-54	Claims of reporting in accordance with the GRI Standards	Annual Report , page 163 – Directory GRI Index	
102-55	GRI content index	GRI Index	
102-56	External assurance	Corporate Governance Statement , page 14 – 4.1 Board Audit Committee Annual Report , page 94 – Auditor’s Independence Declaration Annual Report , pages 150-156 – Independent Auditors Report Sustainability Performance Pack , page 5 – Independent assurance 2019 Sustainability Assurance Opinion and Criteria Selection and Appointment of External Auditors Policy	PricewaterhouseCoopers (PwC) is an independent auditor engaged by Dexus to audit Dexus’s financial reports and provide a Limited Assurance opinion over key aspects of Dexus’s sustainability performance as reported in the 2019 Annual Report and within the online reporting suite on the Dexus website.



Material topic disclosures

GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
Economic performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
	103-2	The management approach and its components	Annual Report , pages 12-27 – Approach, Material issues and risks Disclosures on Management Approach	
	103-3	Evaluation of the management approach	Annual Report , pages 2-3 – FY19 highlights Annual Report , pages 28-61 – Performance Disclosures on Management Approach	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Annual Report , pages 2-3 – FY19 highlights Annual Report , pages 28-61 – Performance Annual Report , pages 96-156 – Financial Report – Consolidated Statement of Comprehensive Income, page 96 – Consolidated Statement of Financial Position, page 97 – Consolidated Statement of Changes in Equity, page 98 – Consolidated Statement of Cash Flows, page 99 Annual Report , pages 68-89 – Remuneration Report Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	
	201-2	Financial implications and other risks and opportunities due to climate change	Annual Report , pages 12-27 – Approach, Material issues and risks 2019 CDP Report , pages 8-26 – Module C2: Risks and opportunities Disclosures on Management Approach , Enriched Environment, pages 49-62 Sustainability Performance Pack , pages 46-50 – Enriched Environment – Our approach to climate-related issues	
	201-3	Defined benefit plan obligations and other retirement plans		Dexus does not operate a defined benefit superannuation scheme. Consistent with Australian legislation, superannuation contributions are made to superannuation funds selected by employees. Dexus contributes retirement provisions in line with Australia's employer superannuation guarantee requirements. In FY19 Dexus provided superannuation contributions at the legislated contribution rate of 9.5%, unless elected at a higher rate by an employee as part of a voluntary contribution.
	201-4	Financial assistance received from government	Sustainability Data Supplement , page 29 – Energy Savings Scheme	During FY19 Dexus generated 6,932 Energy Savings Certificates (ESCs) through participation in the NSW Energy Savings Scheme (ESS) for improvements in base building energy efficiency. However, Dexus did not undertake any ESC transactions, resulting in \$0 revenue for the year.
Corporate governance and transparency				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue Corporate Governance Statement , page 15 – Principle 5 – Make timely and balanced disclosure	
	103-2	The management approach and its components	Corporate Governance Statement , page 15 – Principle 5 – Make timely and balanced disclosure Disclosures on Management Approach , Sustained Value, pages 4-13 Annual Report , page 157 – Investor Information	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	103-3	Evaluation of the management approach	Corporate Governance Statement , page 15 – Principle 5 – Make timely and balanced disclosure Disclosures on Management Approach , Sustained Value, page 13 – Evaluation and process improvement Annual Report , page 157 – Investor Information	
GRI 102: Ethics and integrity (general disclosures comprehensive) 2016	102-17	Mechanisms for advice and concerns about ethics	Corporate Governance Statement , pages 12-13 – Principle 3 – Act Ethically and Responsibly Corporate Governance Statement , page 14 – Principle 4 – Safeguard Integrity in Corporate Reporting Corporate Governance Statement , page 17 – Principle 7 – Recognise and Manage Risk Disclosures on Management Approach , Sustained Value, pages 4-13 Whistleblower Policy	
GRI 102: Governance (general disclosure comprehensive) 2016	102-25	Conflicts of interest	Dexus website – policies Corporate Governance Statement , pages 6-11 – Principle 2 – Structure the Board to add value Corporate Governance Statement , pages 12-13 – Principle 3 – Act Ethically and Responsibly Annual Report , page 92 – Directors' directorships in other listed entities	Dexus has strict policies which address conflicts of interest including: Director Code of Conduct; Employee Code of Conduct; Conflicts of Interest – Personal Policy (including gifts and entertainment); Securities Trading Policy (including Inside Information); and Gifts and Entertainment. Potential conflicts and related party transactions are overseen by the Compliance Manager and are reported on a regular basis to the Board.
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Corporate Governance Statement , page 17 – Principle 7 – Recognise and manage risk – 7.2 Risk management	Each year Dexus completes a review of its risk management framework that encompasses 100% of employees. Risk management policies, procedures and governance committee structure were reviewed to ensure continuous improvement and to minimise the risk of ethical or corruption breaches. The review process involves the facilitation of risk workshops with senior management to review and update the risk register. Dexus has a Fraud, Corruption and Bribery Policy that outlines its commitment to ethical behaviour.
	205-2	Communication and training about anti-corruption policies and procedures	Directors' Code of Conduct Corporate Governance Statement , page 11 – Principle 2 – Structure the Board to add value – 2.7 Access to training and information Corporate Governance Statement , pages 12-13 – Principle 3 – Act ethically and responsibly Corporate Governance Statement , page 17 – Principle 7 – Recognise and manage risk – 7.2 Risk management Sustainability Data Supplement , page 16 – Thriving People	Dexus board members are required to adhere to the Directors' Code of Conduct. Directors must comply with the legal framework governing the operations of Dexus which includes anti-corruption policies and procedures. Dexus conducts annual risk and sustainability roadshows with our key business partner CBRE nationally.
	205-3	Confirmed incidents of corruption and actions taken	Sustainability Data Supplement , page 13 – Thriving People	
GRI 206: Anti-competitive behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		There were no legal actions brought against Dexus for anti-competitive, anti-trust or monopoly practices in FY19.
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations		In FY19, Dexus recorded no significant incidents of non-compliance with environmental laws and/or regulations. Dexus did not receive and fines or non-monetary sanctions and had no legal cases concerning environmental issues brought against it.



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
GRI 415: Public Policy 2016	415-1	Political contributions	Fraud, Corruption and Bribery (Prevention and Awareness) Policy , page 3 – Political Donations Dexus website – Memberships with industry associations and affiliations	Dexus does not give any contributions – financial or in-kind – to political parties or politicians. During FY19 Dexus contributed \$348,653 to trade associations for memberships and event sponsorships. Dexus's alignment towards trade associations views on key sustainability topics is detailed within Dexus's 2019 CDP Report , pages 65–66 (C12.3c). Dexus is a member of various industry associations that promote best practice, advocate for policy reforms or otherwise enhance the property sector or geographical markets in which we operate. Key industry memberships and sponsorships include: Property Council of Australia, Green Building Council of Australia, Global Real Estate Sustainability Benchmark, Better Buildings Partnership, Principles for Responsible Investment, Investor Group on Climate Change, Australasian Investor Relations Association, Committee for Sydney, Melbourne Chamber of Commerce, NSW Business Chamber, Urban Land Institute and the Asia–Pacific Real Estate Association.
Market volatility				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
	103-2	The management approach and its components	Annual Report , pages 28-37 – Financial performance Annual Report , pages 38-49 – Properties Annual Report , pages 122-137 – Capital and financial risk management and working capital	
	103-3	Evaluation of the management approach	Annual Report , pages 28-37 – Financial performance Annual Report , pages 38-49 – Properties Annual Report , pages 122-137 – Capital and financial risk management and working capital	
	101, clause 2.5.3	Additional disclosures – market volatility	Annual Report , pages 28-37 – Financial performance Annual Report , pages 38-49 – Properties	Dexus reports on market volatility using several indicators that track the use and performance of Dexus's portfolio. Indicators include, but are not limited to, portfolio value, occupancy, weighted average lease expiry (WALE).
Customer engagement, Customer attraction and retention				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
	103-2	The management approach and its components	Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 33-39 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 33-39 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities Sustainability Data Supplement , pages 18-20, Future Enabled Customers and Strong Communities	
GRI 417: Marketing and labelling 2016	417-1	Requirements for product and service information and labelling	Supplier Code of Conduct , page 4 – Sustainable/ethical purchasing policies and products	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	417-2	Incidents of non-compliance concerning product and service information and labelling		Dexus recorded no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes in FY19.
	102-44	Results of surveys measuring customer satisfaction	Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities Sustainability Data Supplement , pages 18-20 – Future Enabled Customers and Strong Communities	
Sector Disclosure: Construction and Real Estate Sector Disclosures 2016	G4-CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment.	Sustainability Performance Pack , page 45 – Enriched Environment, Building certifications Sustainability Data Supplement , page 26 – Enriched Environment, NABERS Ratings Property Synopsis , pages 8 - 11 – Sustainability	<p>Dexus rates its office and retail buildings and tenancies and displays this information on marketing collateral. Dexus maintained compliance with the Australian Government's Building Energy Efficiency Disclosure (BEED) Act, which requires Dexus and other commercial building owners to disclose the energy efficiency of its building through a Building Energy Efficiency Certificate in the event of marketing the lease and/or sale of a space and/or greater than 1,000 square metres. The provisions of the Act also require the energy efficiency rating (via NABERS ratings) to be displayed in printed, physical and online marketing materials.</p> <p>At 30 June 2019, of Dexus's managed portfolio comprised 60 office and 6 retail properties were NABERS Energy certified. In addition, 58 office and 6 retail Dexus managed properties were voluntarily NABERS Water certified.</p> <p>Dexus voluntarily certifies against Green Star, an environmental rating tool for commercial design, construction and performance, which evaluates a building's impact against eight environmental impact categories. Dexus maintained Green Star Performance ratings across 76 office and retail properties.</p>
Talent attraction and retention, Human capital development, Inclusion and diversity, Equal remuneration				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue Disclosures on Management Approach , Thriving People, pages 24-32	
	103-2	The management approach and its components	Disclosures on Management Approach , Thriving People, pages 24-32 Sustainability Performance Pack , pages 20-26 – Thriving People	
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Thriving People, pages 24-32 Sustainability Performance Pack , pages 20-26 – Thriving People Sustainability Data Supplement , pages 7-17 – Thriving People	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sustainability Data Supplement , pages 14-15, Thriving People, Recruitment, Retention	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Dexus website – Employee benefits overview Disclosures on Management Approach , Thriving People, pages 24-32	Dexus offers a number of employee benefits in line with contemporary Australian market practice. Benefits are offered regardless of full-time or part-time employment status, but may be pro-rated in the case of leave and life insurance benefits which are based on the employee's regular salary level. Temporary employees engaged via a labour hire agency or contracting agreement receive benefits from their primary employer, the cost of which is factored into the hourly rate or service fee paid by Dexus. Temporary employees are not eligible for the following benefits: leave benefits, life and disability insurance, membership to the corporate discount program, study assistance.
	401-3	Parental leave	Sustainability Performance Pack , pages 20-26 – Thriving People Sustainability Data Supplement , page 15 – Thriving People, Retention Disclosures on Management Approach , Thriving People, page 27	
GRI 402: Labour-management relations 2016	402-1	Minimum notice periods regarding operational changes		Notice periods at Dexus vary depending upon level of seniority of the role. The position of CEO must provide 6 months' notice of intention to resign and Executive General Management Committee members must provide three months' notice of their intention to resign from their respective positions. The minimum notice period for termination of employment is two weeks' during probation and one month notice once ongoing employment has been confirmed.
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Sustainability Data Supplement , page 16 – Thriving People, Training and development	
	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Performance Pack , pages 20-26 – Thriving People Sustainability Data Supplement , page 16 – Thriving People, Training and development Disclosures on Management Approach , Thriving People, pages 29-30	
	404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Data Supplement , page 16 – Thriving People, Training and development	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Sustainability Data Supplement , pages 9-11 – Thriving People, Inclusion and diversity	
	405-2	Ratio of basic salary and remuneration of women to men	Sustainability Data Supplement , page 17 – Thriving People, Remuneration ratios	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Sustainability Data Supplement , page 13 – Thriving People, Employee relations matters	
Health, safety and security, Risk and crisis management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	103-2	The management approach and its components	Annual Report , page 10 – Chair and CEO Review: Developing thriving people Annual Report , pages 22-27 – Material issues and risks Disclosures on Management Approach , Thriving People, pages 28-29 – employee health and safety Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 35-36 – customer and occupant health and safety Disclosures on Management Approach , Supply Chain, pages 47-48 – contractor health and safety	
	103-3	Evaluation of the management approach	Annual Report , page 10 – Chair and CEO Review: Developing thriving people Annual Report , page 52 – People and capabilities Sustainability Data Supplement , page 13 – Thriving People, Work Health and Safety	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management–worker health and safety committees	Disclosures on Management Approach , Thriving People, pages 28-29 – employee health and safety	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work–related fatalities	Sustainability Data Supplement , pages 12-13 – Thriving People, Leave and absenteeism, Work Health and Safety	
	403-3	Workers with high incidence or high risk of diseases related to their occupation		Dexus employees are not involved in occupational activities that have a high incidence or high risk of specific diseases
GRI 416: Customer health and safety 2016	403-4	Health and safety topics covered in formal agreements with trade unions	Sustainability Data Supplement , page 14 – Thriving People, Recruitment	
	416-1	Assessment of the health and safety impacts of product and service categories	Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 35-36 – customer and occupant health and safety Annual Report , page 52 – People and capabilities, safety audit score	
Economic impact on local communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
	103-2	The management approach and its components	Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 33-39 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 33-39 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities Sustainability Data Supplement , pages 18-20, Future Enabled Customers and Strong Communities	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Annual Report , pages 38-49 – Properties Sustainability Performance Pack , page 13-19 – Leading cities Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	203-2	Significant indirect economic impacts	Sustainability Performance Pack , page 13-19 – Leading Cities Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Disclosures on Management Approach , Future Enabled Customers and Strong Communities, pages 33-39 Disclosures on Management Approach , Leading Cities, pages 14-23	
	413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	No potential or actual material negative impacts identified. Positive impacts are provided in Community performance.
Sector Disclosure: Construction and Real Estate Sector Disclosures 2016	G4-CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project		No people were physically displaced as a result of Dexus operations.
Supply chain management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
	103-2	The management approach and its components	Disclosures on Management Approach , Supply Chain, pages 40-48 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities	
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Supply Chain, pages 40-48 Sustainability Performance Pack , pages 27-37 – Future Enabled Customers and Strong Communities Sustainability Data Supplement , pages 18-20, Future Enabled Customers and Strong Communities	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Sustainability Performance Pack , pages 35-37 – Supply chain management Disclosures on Management Approach , Supply Chain, pages 40-48	
	308-2	Negative environmental impacts in the supply chain and actions taken		In FY19 Dexus did not receive any complaints or grievances regarding negative environmental impact due to supplier and service provider activities.
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Sustainability Performance Pack , pages 35-37 – Supply chain management Disclosures on Management Approach , Supply Chain, pages 40-48	
	414-2	Negative social impacts in the supply chain and actions taken	Sustainability Performance Pack , pages 35-37 – Supply chain management Disclosures on Management Approach , Supply Chain, pages 40-48	In FY19 Dexus continued to monitor industry dialogue regarding labour practices and the potential impacts within its supply chain, with no material impacts identified through monitoring of suppliers. Dexus continues to enhance its supplier engagement and assessment process to improve data collection and reporting regarding supplier performance including labour practices.
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		100% of operational expenditure for the group's managed portfolio are Australian based suppliers (includes Australian divisions of international companies).
Human rights				



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue	
	103-2	The management approach and its components	Disclosures on Management Approach , Thriving People – Human Rights, page 31 Disclosures on Management Approach , Supply Chain, pages 40-48	
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Thriving People, page 32 Disclosures on Management Approach , Supply Chain, pages 40-48 Sustainability Data Supplement , pages 7-17, Thriving People Sustainability Performance Pack , pages 35-37 – Supply chain management Sustainability Data Supplement , page 20, Supply chain	
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Performance Pack , pages 35-37 – Supply chain management Disclosures on Management Approach , Thriving People, pages 24-32 Disclosures on Management Approach , Supply Chain, pages 40-48 Sustainability Data Supplement , page 13 – Thriving People, Work Health and Safety	
	412-2	Employee training on human rights policies or procedures	Sustainability Data Supplement , page 16 – Thriving People, Training and development Disclosures on Management Approach , Thriving People, pages 24-32 Human Rights Policy	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability Performance Pack , pages 35-37 – Supply chain management Disclosures on Management Approach , Supply Chain, pages 40-48	
Climate change impacts, Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue Disclosures on Management Approach , Enriched Environment, page 49	
	103-2	The management approach and its components	Disclosures on Management Approach , Enriched Environment, pages 49-60 Sustainability Performance Pack , pages 38-55 – Enriched Environment	
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Enriched Environment, page 60 – Evaluation and process improvement Sustainability Performance Pack , pages 38-55 – Enriched Environment Sustainability Data Supplement , pages 21-40, Enriched Environment	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Performance Pack , pages 46-50 – Enriched Environment – Climate related financial risks and opportunities 2019 CDP Report , pages 8-26 – Module C2: Risks and opportunities	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Sustainability Data Supplement , pages 21-40, Enriched Environment Reporting criteria	
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Data Supplement , pages 21-40, Enriched Environment Reporting criteria	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	305-3	Other indirect (Scope 3) GHG emissions	Sustainability Data Supplement , pages 21-40, Enriched Environment Reporting criteria	
	305-4	GHG emissions intensity	Sustainability Data Supplement , pages 21-40, Enriched Environment	
	305-5	Reduction of GHG emissions	Sustainability Performance Pack , pages 38-55 – Enriched Environment Sustainability Data Supplement , pages 21-40, Enriched Environment Disclosures on Management Approach , Enriched Environment, pages 49-60	
	305-6	Emissions of ozone-depleting substances (ODS)	Sustainability Data Supplement , page 32 – Enriched Environment – Emissions of ozone depleting substances	
	305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions		In FY19 Dexus estimates it emitted the following air emissions through combustion of natural gas and diesel within generators, cogeneration engines and fire pumps: 25.1 tonnes of Nitrogen oxides (NOx), 7.4 tonnes of Carbon Monoxide (CO), 0.1 tonnes of Sulphur Dioxide (SOx), 1.2 tonnes of particulate matter ≤ 2.5µm, 1.2 tonnes of particulate matter ≤ 10µm, and 1 tonne of volatile organic compounds (VOCs)
Sector Disclosure: Construction and Real Estate Sector Disclosures 2016	G4-CRE1	Building energy intensity	Sustainability Performance Pack , page 52 – Enriched Environment, Group managed portfolio consumption, emissions and waste on an intensity basis Sustainability Data Supplement , pages 21-40 – Enriched Environment	Building energy intensity is reported in megajoules per square metre rather than kilowatt-hours per square metre.
	G4-CRE3	Greenhouse gas emissions intensity from buildings	Sustainability Performance Pack , page 52 – Enriched Environment, Group managed portfolio consumption, emissions and waste on an intensity basis Sustainability Data Supplement , pages 21-40 – Enriched Environment	
Energy efficiency, Water use, Waste management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue Disclosures on Management Approach , Enriched Environment, page 49	
	103-2	The management approach and its components	Disclosures on Management Approach , Enriched Environment, pages 49-60 Sustainability Performance Pack , pages 38-55 – Enriched Environment	
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Enriched Environment, page 60 – Evaluation and process improvement Sustainability Performance Pack , pages 38-55 – Enriched Environment Sustainability Data Supplement , pages 21-40, Enriched Environment	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Sustainability Data Supplement , pages 21-40, Enriched Environment – Group managed portfolio – environmental inventory	
	302-2	Energy consumption outside of the organization		Information on upstream energy consumption outside Dexus's organisation boundary relates to energy consumed by suppliers providing products and services to Dexus. Dexus has engaged with key suppliers to request information, and suppliers have stated that energy data is not available. Downstream energy consumption relates to energy consumption by tenants occupying Dexus buildings. Dexus collects data for tenants across a proportion of properties, however this data falls outside of the operational control boundary used for public disclosure.
	302-3	Energy intensity	Sustainability Data Supplement , pages 21-40, Enriched Environment – Group managed portfolio – Consumption/emissions on an intensity basis	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	302-4	Reduction of energy consumption	Sustainability Performance Pack , pages 38-55 – Enriched Environment Sustainability Data Supplement , pages 21-40, Enriched Environment Disclosures on Management Approach , Enriched Environment, pages 49-60 2019 CDP Report – Module: Targets and performance– Question C4.3b	
	302-5	Reductions in energy requirements of products and services	Disclosures on Management Approach , Enriched Environment, pages 49-60 Sustainability Performance Pack , page 45 – Enriched Environment, Green Star and National Australian Build Environment Ratings System (NABERS)	
GRI 303: Water 2016	303-1	Water withdrawal by source	Sustainability Data Supplement , page 30, Enriched Environment – Water consumption by source	
	303-2	Water sources significantly affected by withdrawal of water	Sustainability Data Supplement , page 30, Enriched Environment – Water consumption by source	Water used in Dexus operations is sourced from metropolitan water authorities and is not deemed as having a significant impact as per GRI definition. Dexus operates water recycling plants at 1 Bligh Street Sydney, and 123 Albert Street and 145 Ann Street in Brisbane. Dexus also obtains water from on-site rainwater harvesting across several properties and draws water from a recharged bore at Willows Shopping Centre.
	303-3	Water recycled and reused	Sustainability Data Supplement , page 30, Enriched Environment – Water consumption by source	
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination		All water from Dexus properties is discharged as sewage to water utilities, with some water recycling conducted using on-site greywater/blackwater plants at 1 Bligh Street Sydney, and 123 Albert Street and 145 Ann Street in Brisbane. Stormwater is harvested for use on site or discharged via stormwater drainage. Downstream wastewater, particularly retailers trade wastewater allowance relates to tenants occupying Dexus buildings, and is not material due to its low toxicity.
	306-2	Waste by type and disposal method	Sustainability Data Supplement , pages 22 and 31, Enriched Environment – Group-managed portfolio – Consumption emissions on an intensity basis, and Waste and recycling from property operations by stream 2019 Assurance Report , page 3 – 2019 PwC Assurance Opinion and Criteria – Parameters used in the preparation of the subject matter – Environment	
	306-3	Significant spills	Sustainability Data Supplement , page 31– Enriched Environment – Waste and recycling from property operations by stream	
	306-4	Transport of hazardous waste	Sustainability Data Supplement , page 31– Enriched Environment – Waste and recycling from property operations by stream	
	306-5	Water bodies affected by water discharges and/or runoff		There have been no water bodies nor related habitats that have been significantly affected by water discharges from any Dexus facility this year.
Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report , pages 22-27 – Material issues and risks Sustainability Performance Pack , page 4 – Material Issues Disclosures on Management Approach , pages 2-3 – Management approach by material issue Disclosures on Management Approach , Enriched Environment, page 49	
	103-2	The management approach and its components	Disclosures on Management Approach , Enriched Environment, pages 49-60 Sustainability Performance Pack , pages 46 – Enriched Environment, Biodiversity	



GRI Standard	Number	Disclosure	Reference	Remarks/Omissions
	103-3	Evaluation of the management approach	Disclosures on Management Approach , Enriched Environment, page 60 – Evaluation and process improvement Sustainability Performance Pack , page 46 – Enriched Environment, Biodiversity	
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products, and services on biodiversity	Sustainability Performance Pack , page 46 – Enriched Environment, Biodiversity	The Dexus Biodiversity Policy sets out how Dexus protects and enhances biodiversity through its activities.

What we found

Based on the work described below, nothing has come to our attention that causes us to believe that the Subject Matter for the year ended 30 June 2019 has not been prepared, in all material respects, in accordance with the Assurance Criteria.

To the Board of Directors of DEXUS Funds Management Limited,

What we did

DEXUS Funds Management Limited (**DEXUS**) engaged PricewaterhouseCoopers (**PwC**) to perform a limited assurance engagement on the preparation of selected Subject Matter contained within their 2019 Performance Pack in accordance with the Assurance Criteria for the year ended 30 June 2019.

Selected subject matter

The Subject Matter included within the scope of our engagement comprised the following performance metrics contained within the 2019 Integrated Online Reporting Suite presented at: www.dexus.com/2019-sustainability-performance-pack and www.dexus.com/2019-sustainability-data-supplement

- Total net energy consumption **685,856 GJ**
- Total Scope 1, 2 and 3 location-based greenhouse gas (**GHG**) emissions **179,476 tCO₂-e**
- Total Scope 1, 2 and 3 market-based GHG emissions **174,521 tCO₂-e**
- Total water usage **1,820,791 kL**
- Total waste to landfill and recycling **16,048 t**
- Percentage of female employees (FTE) **56%**
- Percentage of females in senior management (headcount) **37%**
- Percentage of female Non-Executive Directors **43%**
- Absentee rate **2.6**
- Lost time injury frequency rate **0**

Assurance Criteria

The criteria against which we assessed the Subject Matter was prepared by DEXUS and is titled 2019 Assurance Criteria Document presented at: <http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/reports> and included as Appendix 1 to our Assurance Report.

Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities

PricewaterhouseCoopers

Our responsibility is to express a conclusion based on the work we performed.

DEXUS

DEXUS management is responsible for the preparation and presentation of the Subject Matter in accordance with the Assurance Criteria.

What our work involved

We conducted our work in accordance with the Australian Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Australian Standard on Assurance Engagements and Australian Standard on Assurance Engagements 3410 *Assurance Engagements on Greenhouse Gas Statements*. These standards require that we comply with independence and ethical requirements and plan the engagement so that it will be performed effectively.

Main procedures performed

Our procedures consisted primarily of:

- Undertaking enquiries of management regarding the processes and controls for capturing, collating and reporting the Subject Matter
- Reconciling the Subject Matter with DEXUS underlying records
- Agreeing underlying records back to supporting third party documentation on a sample basis
- Undertaking analytical review procedures over data and obtaining explanations from management regarding unusual or unexpected amounts
- Assessing the reasonableness of any material estimates made in preparing the Subject Matter
- Assessing the appropriateness of the GHG emission factors applied in calculating the Total Scope 1, 2 and 3 GHG emissions and testing the arithmetical accuracy of the GHG emission calculations and
- Reviewing DEXUS' Assurance Criteria to ensure that it is appropriate for assurance and assessing the preparation and collation of the Subject Matter against the Assurance Criteria

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

John Tomac

John Tomac
Partner
13 August 2019

PricewaterhouseCoopers

PricewaterhouseCoopers
Sydney

Liability limited by a scheme approved under Professional Standards Legislation

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Restriction on use

This report has been prepared in accordance with our engagement terms to assist DEXUS in reporting its sustainability performance.

Our report is intended solely for the Directors of DEXUS. We do not accept or assume responsibility for the consequences of any reliance on this report for any other purpose or to any other person or organisation.

Any reliance on this report by any third party is entirely at its own risk. We consent to the inclusion of this report within the 2019 Integrated Online Reporting Suite presented at:

<http://www.dexus.com/who-we-are/corporate-responsibility-and-sustainability/reports> to assist DEXUS' members in assessing whether the directors have discharged their responsibilities by commissioning an independent assurance report in connection with the selected Subject Matter.

We accept no responsibility for the integrity and security of the DEXUS website, which is the responsibility of DEXUS management. This report is not intended to relate to, or to be read in conjunction with, any information that may appear on the DEXUS website other than the Subject Matter and Assurance Criteria. Readers of this report on the DEXUS website (who may read it for their information only) should bear in mind the inherent risk of the website changing after the date of our report.

Limited assurance

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

Professional standards require us to use negative wording in the conclusion of a limited assurance report.

2019 reporting criteria



Criteria for reporting on selected information included within the scope for assurance

The following criteria were used by Dexus to prepare the selected subject matter assured by PricewaterhouseCoopers (PwC) included within the 2019 Dexus Sustainability Performance Pack set out below.

Section of CR&S Reporting	Matter subject to assurance
Environment	<ul style="list-style-type: none"> - Total scope 1, 2 and 3 location-based greenhouse gas (GHG) emissions (t CO₂-e) - Group environmental summary <ul style="list-style-type: none"> - Total Scope 1, 2 and 3 market-based greenhouse gas (GHG) emissions (t CO₂-e) - Total net energy consumed (electricity, natural gas, diesel, solar) (GJ) - Total water consumed (kL) - Total waste (tonnes)
Employees	<ul style="list-style-type: none"> - HR Indicators <ul style="list-style-type: none"> - Work statistics <ul style="list-style-type: none"> - Percentage of female employees - Engagement and leave <ul style="list-style-type: none"> - Percentage of females in senior management - Percentage of female non-executive directors - Work health & safety, and discrimination <ul style="list-style-type: none"> - Absentee rate (days per employee) - Safety indicators <ul style="list-style-type: none"> - Lost time injury frequency rate

Dexus believes that underlying data presented for other areas of the 2019 Annual Report is sound.

Parameters used in the preparation of the subject matter - Environment

Dexus applied the following parameters in calculating the reported GHG emissions, energy and water consumption data, and waste data described above:

Item	Description
Reporting period	1 July 2018 to 30 June 2019
Reporting boundary	<p>Unless otherwise stated, Dexus applied the principles contained within the <i>National Greenhouse and Energy Reporting Act 2007</i> (NGERA) and its associated guidelines. Unless otherwise stated below, the reporting boundary comprises those facilities in Australia which fall under the operational control of members of the group of which Dexus Holdings Limited is the controlling corporation for part of all of the 12 months ending June 30, 2019.</p> <p>The operations covered under the scope of reporting are consistent with Dexus's operation as a property business, being:</p> <ol style="list-style-type: none"> 1. Property investment including directly owned assets and assets managed on behalf of third party investors. Property investment comprises: <ol style="list-style-type: none"> a. Office assets b. Industrial assets c. Retail assets. 2. Occupied premises being Dexus occupied tenancies. <p>Property development is excluded from the boundary of operational control for Australia. Operational control of the development site is handed over at Practical Completion of the development.</p>

Total Scope 1, 2 and 3 location-based GHG emissions

Total Scope 1, 2, and 3 GHG emissions comprises emissions within the reporting boundary for Australia as calculated using the formula below:

$$\begin{aligned} & \textit{Total Scope 1, 2, and 3 location based GHG emissions} \\ & = \textit{Scope 1 GHG Emissions} \\ & + \textit{Scope 2 location based GHG Emissions} \\ & + \textit{Scope 3 GHG Emissions} \end{aligned}$$



Where:

Scope 1 GHG Emissions, Scope 2 location based GHG Emissions and Scope 3 GHG Emissions are as defined within this criterion.

'Scopes' are defined under the international reporting framework of the World Resources Institute/World Business Council for Sustainable Development reported in *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* and have been adopted by the NGERA.

Reporting is in alignment with the NGERA and its associated guidelines with the exception of Scope 3 GHG emissions as described below. GHG are measured in carbon dioxide equivalents and expressed in tonnes (tCO₂-e).

Total Scope 1, 2 and 3 market-based GHG emissions

Total Scope 1, 2, and 3 GHG market-based emissions comprises emissions within the reporting boundary for Australia as calculated using the formula below:

$$\begin{aligned} & \textit{Total 1, 2, and 3 market based GHG emissions} \\ & = \textit{Scope 1 GHG Emissions} \\ & + \textit{Scope 2 market based GHG Emissions} \\ & + \textit{Scope 3 GHG Emissions} \end{aligned}$$

Where:

Scope 1 GHG Emissions, Scope 2 market based GHG Emissions and Scope 3 GHG Emissions are as defined within this criterion.

'Scopes' are defined under the international reporting framework of the World Resources Institute/World Business Council for Sustainable Development reported in *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard* and have been adopted by the NGERA.

GHG are measured in carbon dioxide equivalents and expressed in tonnes (tCO₂-e).

Scope 1 GHG emissions

Scope 1 emissions (direct emissions) comprise GHG emission under associated with fuel combustion and use of hydrofluorocarbons for the following sources:

- **Natural gas** (used for heating air and water). Natural gas data is derived from supply authority billing. Meter data and/or estimated data is applied based on Dexus's methodology, set out below, if billing data is unavailable at the time of reporting.
- **Diesel Oil (Diesel)**. Diesel data is collected from site operations managers and is sourced from delivery invoices for diesel purchases and periodic diesel tank level readings. Billing data and/or estimated data is applied based on Dexus's methodology if billing data is unavailable at the time of reporting.
- **Refrigerant gases** (used within air conditioning equipment). The data for refrigerant gases is derived from a refrigerant register that lists all equipment under Dexus operational control containing hydrofluorocarbons reportable under NGERA.

Dexus does not have company fleet vehicles and no vehicle related emissions have been reported.

Scope 1 emissions have been calculated according to the *National Greenhouse and Energy Reporting (Measurement) Determination, July 2018*.

Scope 2 location-based GHG emissions

Scope 2 location-based GHG emissions comprise indirect GHG emissions associated with grid-purchased electricity used for lighting and power. The data is provided by supply authority billing. Meter and/or estimated data is applied based on Dexus's methodology if billing data is unavailable at the time of reporting.

Scope 2 emissions have been calculated using published average grid emission factors according to the *National Greenhouse and Energy Reporting (Measurement) Determination, July 2018*.

Scope 2 GHG market-based GHG emissions

Scope 2 GHG market-based emissions comprise indirect GHG emissions associated with grid-purchased electricity used for lighting and power. The data is provided by supply authority billing. Meter and/or estimated data is applied based on Dexus's methodology if billing data is unavailable at the time of reporting. Electricity purchases are identified, aggregated and emissions are calculated separately applying:

- 'market-based' accounting for Scope 2 emissions for electricity purchases that can be accounted using source-based scope emission factors evidenced by *electricity attribute certificates*, as defined below
- 'location-based' accounting for Scope 2 emissions for remaining electricity purchases not evidenced by *electricity attribute certificates* using published average grid emission factors, as defined below.

Where:

'Location-based' accounting for Scope 2 emissions involves accounting for electricity purchases using published average grid emission factors, as defined within *The Greenhouse Gas Protocol: Scope 2 Guidance*.

Dexus has calculated Scope 2 emissions for 'location-based' electricity purchases using published average grid emission factors according to the *National Greenhouse and Energy Reporting (Measurement) Determination, July 2018*.

'Market-based' Scope 2 emissions involve separate accounting for any type of energy or energy attributed to a purchase via a contractual instrument, using source-based scope 2 emission factors evidenced by electricity attribute certificates, as defined within *The Greenhouse Gas Protocol: Scope 2 Guidance*.

These instruments are termed "energy attribute certificates", flow from energy generation facilities to energy suppliers and ultimately energy consumers in order to support consumer claims about the type of energy used and its related attributes—such as GHG emissions—produced at the point of generation.

In line with *The Greenhouse Gas Protocol: Scope 2 Guidance*. The GHG emission coefficients from the table above apply to Scope 2 emissions only, with Scope 3 emissions calculated using the relevant state-based grid GHG emissions coefficient.

'Energy attribute certificates': Dexus recognises the following schemes and certificates as energy attribute certificates and has applied the nominated GHG emission coefficients listed in the table below for quantities of electricity purchased and consumed, or volumes of certificates that retired under these schemes.

Energy attribute certificate scheme	Scope 2 emission factor	Scope 3 emission factor
GreenPower – electricity generated under the National GreenPower Accreditation Program (https://www.greenpower.gov.au/)	0	0
Large Scale Generation Certificates (LGCs) and Small-scale Technology Certificates (STCs) created by accredited renewable energy power stations under Australia's Renewable Energy Target, administered by the Clean Energy Regulator	0	0
Contracts for electricity, such as power purchase agreements (PPAs) and contracts from specified sources, where electricity attribute certificates do not exist or are not required for a usage claim.	Source specific	State-based coefficients as per location-based accounting

Where:

Scope 3 emissions: For GreenPower and LGCs, a scope 3 emission factor = 0 is applied as losses are taken into account in the creation of LGC's in accordance with the GreenPower Program Rules Version 10, page 14 and <http://www.cleanenergyregulator.gov.au/RET/Scheme-participants-and-industry/Power-stations/Large-scale-generation-certificates/Large-scale-generation-certificate-eligibility-formula>

Dexus has used tax invoices for the purchase of GreenPower and records of retirements of certificates in their relevant registries to evidence the volumes of electricity reported under its market-based approach.





Scope 3 GHG emissions	<p>Scope 3 emissions (other indirect emissions) comprise GHG associated with transmission and distribution losses ("energy losses") associated with energy use, waste sent to landfill, recycled waste, and water/wastewater use, and emissions from corporate operations including office paper use, corporate travel and employee commuting.</p> <p>Data for energy losses is that used to calculate scope 1 and 2 emissions.</p> <p>Data for waste to landfill and recycled waste is provided by waste contractors directly or collated by site managers from data provided by waste contractors. Estimated data is applied based on Dexus's methodology if billing data is unavailable at the time of reporting.</p> <p>Data for water consumption is provided by water utilities. Estimated data is applied based on Dexus's methodology if billing data is unavailable at the time of reporting.</p> <p>Data for corporate operations has been compiled in accordance with the <i>Australian National Carbon Offset Standard (NCOS), version 4, November 2017</i>.</p> <p>Scope 3 emissions for energy and waste to landfill have been calculated according to the <i>National Greenhouse Accounts (NGA) Factors, July 2018</i>.</p> <p>Scope 3 emissions for recycled waste have been calculated according to <i>Department of Sustainability, Environment, Water, Population and Communities: A study into commercial & industrial (C&I) waste and recycling in Australia by industry division: 2013, Table 21: Greenhouse gas impacts of landfilling and recycling materials</i>.</p> <p>Scope 3 emissions for water/wastewater have been calculated using factors derived from the <i>Australian Bureau of Meteorology Urban National Performance Report 2018</i> http://www.bom.gov.au/water/npr/</p> <p>Emissions for corporate air travel have been calculated according to the <i>2018 Government GHG Conversion Factors for Company Reporting</i> and associated <i>2018 Carbon Factors</i> published by the United Kingdom's Department of Environment, Food and Rural Affairs (DEFRA).</p>
Energy consumed	<p>Energy consumed comprises natural gas, diesel and electricity purchased by Dexus for facilities within the reporting boundary for Australia.</p> <p>Energy consumed also comprises secondary electricity that is generated from conversion of solar energy, and natural gas or diesel via combustion, for consumption within the facility.</p> <p>Energy consumed is calculated as a total figure converting measured usage to gigajoules using the methods and conversion factors specified within the <i>National Greenhouse and Energy Reporting (Measurement) Determination, July 2018</i>.</p> <p>Energy consumption has been based on quantities invoiced or metered by suppliers. Estimates are used when billing data is unavailable and these are based on Dexus's methodology, drawing from secondary sources such as meter data or based on seasonal historical estimates.</p>
Energy produced	<p>Energy produced comprises energy captured from natural sources and the manufacture of energy from transformation from another fuel source within Dexus for facilities within the reporting boundary for subsequent consumption onsite or export offsite.</p> <p>Energy produced comprises:</p> <ul style="list-style-type: none">- Electricity production from solar radiation (solar PV). The data for electricity production from solar radiation is derived from site based sub meters. Estimated data is applied based on Dexus's methodology if meter data is unavailable at the time of reporting.- Electricity production from thermal generation (cogeneration and diesel generators). Data for electricity production from thermal generation is derived direct measurement or from incoming natural gas or diesel utility data that is multiplied by efficiency factors of 32% for natural gas and 40% for diesel, which represent the estimated electricity yield. Estimated data is applied based on Dexus's methodology if meter data is unavailable at the time of reporting. <p>Energy produced is calculated as a total figure converting measured usage to gigajoules using the methods and conversion factors specified within the <i>National Greenhouse and Energy Reporting (Measurement) Determination, July 2018</i>.</p>
Total net energy consumed	<p>Total net energy consumed is defined as the energy consumed minus the energy produced within the reporting boundary.</p>
Water consumption	<p>Water consumption is based on quantities invoiced or metered by suppliers.</p> <p>Water consumption comprises:</p> <ul style="list-style-type: none">- Water purchased by Dexus from local water authorities and suppliers for assets for which Dexus has operational control- Water purchased by Dexus on behalf of industrial assets which are under the operational control of tenants, but where the asset has water outlets that Dexus can use for landscaping and external cleaning or external amenities

Water consumption excludes water use from onsite water recycling and rainwater harvesting.

Total waste	<p>Total waste is based on volume or weight quantities invoiced by waste contractors.</p> <p>Total waste comprises:</p> <ul style="list-style-type: none"> - Waste measured in weight that is sent to landfill by waste and cleaning contractors on behalf of Dexus and our customers for office and retail assets for which Dexus has operational control. - Recycling measured in weight that is diverted from landfill by waste and cleaning contractors on behalf of Dexus and our customers for office and retail assets for which Dexus has operational control. - Where waste and recycling data is based off volumes rather than actual weights, waste contractors use a predetermined density factor in order to report to Dexus in weight. Waste contractors may apply different density factors based on their historical analysis of different waste collection practices employed at Dexus facilities. For example, there may be variations in bin size and average bin fullness across different facilities. <p>Total waste excludes waste to landfill and recycling for industrial assets as Dexus does not have operational control over waste collection.</p> <p>Furthermore, waste data may be not available for all office and retail facilities. The site area of those facilities that have been reported represents 100% of the total lettable area of retail and office facilities.</p>
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Data confidence and estimation	<p>Where primary data such as utility invoices have not been received, estimates are applied using the following prioritised data methodology:</p> <ol style="list-style-type: none"> 1. 30-minute interval electricity, natural gas and water metering data supplied by MP/MDA Metering Dynamics 2. Estimated data using an estimate that accounts for seasonal variances derived by: <ol style="list-style-type: none"> a. Derived from an actual figure for the same period in the prior year, adjusted for the length of the gap. b. Derived from an actual figure for the prior month, adjusted for the length of the gap c. Interpolation between two adjacent actual readings, adjusted for the length of the gap 3. Estimated data using the monthly average for the previous 12 month period.
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Parameters used in the preparation of the subject matter - Employees

Dexus applied the following parameters in calculating the reported workforce diversity statistics, absenteeism and safety statistics described above:

Item	Description
Reporting period	1 July 2018 to 30 June 2019
Reporting boundary	<p>Unless otherwise stated below, the reporting boundary comprises employees ('Dexus workforce', 'Dexus employees') across facilities in Australia which fall under the operational control of members of the group of which Dexus Holdings Limited is the controlling corporation.</p> <p>The 'Dexus workforce' or 'Dexus employees' includes staff employed full-time, part-time, on fixed term contracts and on a casual basis and excludes independent consultants/service providers and temporary staff sourced via external agencies.</p>
Number of workers	<p>Number of workers - Is defined as the number of workers who were employed by Dexus as recorded at 30 June 2019.</p> <p>Headcount data for the purpose of these statistics represents the active Dexus workforce and is based on the metric 'Total Headcount (ongoing)' as defined by the Australian Public Service Commission (https://www.apsc.gov.au/appendix-common-workforce-metrics), as the number of <i>ongoing</i> employees directly employed by Dexus at the point in time described above..</p>
Number of full time equivalent employees	<p>Number of full time equivalent employees (FTEs) - Is defined as the number of workers who were employed by Dexus as recorded at 30 June 2019. Persons who were absent from work on extended paid or unpaid leave as recorded at 30 June 2019 are excluded from this calculation.</p>



	<p>FTE data for the purpose of these statistics represents the active Dexus workforce, and is based on the metric 'Total FTE' as defined by the Australian Public Service Commission (https://www.apsc.gov.au/appendix-common-workforce-metrics), as the number of full-time equivalent employees directly employed by the organisation at a point in time where part-time employees are converted to full-time equivalent based on the hours they work as a proportion of the hours for a full-time employee.</p>
Number of hours worked	<p>Number of hours worked in the period - Refers to the total scheduled number of hours of all Dexus employees as recorded at 30 June 2019. Dexus offers employees flexible work arrangements and staff are employed under individual contracts that stipulate 1824 hours per annum (equal to 240 days x 7.6 hours) for each full-time employee. As Dexus does not track employee working hours and staff do not engage in overtime or shift work, Dexus has defined the 'number of hours worked' as 1824 hours per annum per full-time employee.</p>
Percentage of female employees	<p>The percentage of female full time equivalent workers employed is calculated as follows:</p> $\text{Female employees (\%)} = \frac{\text{number of female full time equivalent workers}}{\text{total number of full time equivalent workers}}$ <p>Where:</p> <p>Number of full time equivalent workers – as defined above</p> <p>Number of female full time equivalent workers – A subset of the number of full time equivalent workers defined above who identify themselves as female</p>
Percentage of females in senior management	<p>'Senior Management team' includes <i>executive management and senior management positions</i> within the Dexus workforce.</p> <p>Where:</p> <p>Executive management and senior management positions include Dexus employees whose role is mapped to one of the following four occupational categories: 'CEO/head of business', 'KMP (key management personnel)', 'other executives/general managers', and 'senior managers', as outlined within worker classification guidance <i>Standardised occupational categories of managers: February 2018</i> published by the <i>Australian Government's Workplace Gender Equality Agency (WGEA)</i>. Refer to: https://www.wgea.gov.au/sites/default/files/standardised-categories-managers.pdf</p> <p>The percentage of females in senior management is calculated as follows:</p> $\text{Females in senior management (\%)} = \frac{\text{number of female senior managers}}{\text{total number of senior managers}}$ <p>Where:</p> <p>Number of senior managers – A subset of the total number of workers with a 'Senior Management team' corporate title as defined above</p> <p>Number of female workers – A subset of the number of senior managers defined above who identify themselves as female</p>
Percentage of female non-executive directors	<p>The percentage of female non-executive directors is calculated as follows:</p> $\text{Female non executive directors (\%)} = \frac{\text{number of female non executive directors}}{\text{total number of non executive directors}}$ <p>Where:</p> <p>Number of non-executive directors – The total number of non-executive directors of Dexus Holdings Limited as recorded at 30 June 2019</p> <p>Number of female non-executive directors – A subset of the number of non-executive directors defined above who identify themselves as female</p>
Absentee Rate	<p>Absentee Rate (AR) – the number of sick leave and carers leave days per full time equivalent workers employed is calculated as follows:</p> $AR = \frac{\text{number of Sick and Carers leave days}}{\text{number of full time equivalent employees}}$ <p>Where:</p>



	Number of full time equivalent employees – as defined above
Work health & safety definitions	<p>Work health and safety (WH&S) incidents account for all recorded incidents pertaining to Dexus employees and includes contractors employed directly by Dexus. All reported incidents in FY19 related to personal injury.</p> <p>The system of rules applied in recording and reporting accident statistics include <i>Australian Standard 1885.1 1990</i>, Workplace injury and disease recording standard as well as definitions within disclosure 403-2 from <i>GRI 403: Occupational Health and Safety 2018</i>, from the Global Reporting Initiative (GRI) Standards.</p> <p>No lost-time injuries/diseases – Those occurrences which were not lost-time injuries/diseases and for which first aid and/or medical treatment was administered</p> <p>Lost-time injuries/diseases – Those occurrences that resulted in a fatality, permanent disability or time lost from work of one day/shift or more and is recorded via an approved workers compensation claim</p> <p>Occupational disease – A disease arising from the work situation or activity (such as stress or regular exposure to harmful chemicals), or from a work-related injury</p> <p>Fatalities – Fatalities that occur as a result of an injury or disease occurrence arising from the work situation or activity</p>
Lost Time Injury Frequency Rate (LTIFR)	<p>Lost Time Injury Frequency Rate (LTIFR) - The number of occurrences of injury or disease for each one million hours worked is calculated as follows:</p> $LTIFR = \frac{\text{number of lost time injuries/diseases}}{\text{number of hours worked}} \times 1,000,000$ <p>Where:</p> <p>Number of lost time injuries/diseases – the number of lost-time injuries/diseases recorded during the reporting period as defined above</p> <p>Number of hours worked in the period – as defined above</p>

Criteria for reporting on selected information not included within the scope for assurance

Dexus makes the following additional definitions to support additional environmental disclosure within its 2019 reporting:

Item	Description
Total Net Scope 1, 2 and 3 GHG emissions	<p>Total GHG comprises Scope 1 GHG emissions + Scope 2 (market-based) GHG emissions + Scope 3 GHG emissions – GHG offsets within the reporting boundary for Australia, as defined within this criterion, where:</p> <p>'GHG offsets' comprises carbon offsets or carbon credits equivalent offset units eligible under the National Carbon Offset Standard, administered by the Australian Department of the Environment and Energy.</p> <p>The National Carbon Offset Standard provides a list of eligible offset units that have been assessed as meeting the Standard's offsets integrity principles. These principles are designed to ensure that eligible offset units represent genuine and credible emission reductions.</p> <p>GHG offsets are created by eligible projects under recognised schemes and each offset represents 1 tonne of abated or avoided carbon dioxide equivalent.</p> <p>GHG offsets are created and tracked through market registers.</p> <p>'Scopes' are defined under the international reporting framework of the World Resources Institute/World Business Council for Sustainable Development reported in <i>The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard</i> and have been adopted by the NGERA.</p> <p>Reporting is in alignment with the NGERA and its associated guidelines with the exception of Scope 3 GHG emissions as described above. GHG are measured in carbon dioxide equivalents and expressed in tonnes (tCO₂-e).</p>

13 August 2019

