



# CLIMATE TRANSPARENCY REPORT

## 2019

Dexus

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-660AAD7D-A7D3-47F6-939D-37E3291750C8/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-660AAD7D-A7D3-47F6-939D-37E3291750C8/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Dexus
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 10 - 29.99 billion AUM
<b>Main Asset Class</b>	>50% Property Internally Managed
<b>Signed PRI Initiative</b>	2010
<b>Region</b>	Oceania
<b>Country</b>	Australia
<b>Disclosure of Voluntary Indicators</b>	36% from 38 Voluntary indicators

# Dexus

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

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

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

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

SG 01.1

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

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

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

SG 01.3

Indicate if the investment policy covers any of the following

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

**SG 01.4**

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

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

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

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

Dexus's Investment Committee reports to the Group Management Committee and is responsible for reviewing all investment, divestment and development proposals for Dexus and its managed funds and clients.

The Committee recognises its fiduciary duty to act in the best interests of Dexus's clients. Dexus has developed and maintains a robust compliance framework demonstrating Dexus's commitment to compliance, good governance and continuous improvement and is focused on protecting the interest of investors, mandate clients, capital partners and employees.

**SG 01.5**

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

**Policy scope and ownership**

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

**Policy review**

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

**Implementation**

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

**Material issues**

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

**Drivers**

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

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



No

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

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

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.6 CC</b>	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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Dexus has identified and considered the following risks and opportunities:

**Short term**

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

**Medium term**

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

supports Dexus's net zero by 2030 target and provides Dexus with a point of difference in its customer service offering.

### Long term

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

<b>SG 01.7</b> <b>CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

<b>SG 01.8</b> <b>CC</b>	Indicate the associated timescales linked to these risks and opportunities.
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Dexus considers identified climate related risks and opportunities over the following time horizons:

### Short term

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

### Medium term

- Technology: Dexus's Sustainability and Customer Technology teams consider emerging technology to optimise building operations and as part of capital equipment replacement, to reduce resource consumption and greenhouse gas emissions.
- Supply chain: Dexus's Supplier Code of Conduct highlights preference for low carbon products, particularly to achieve Green Star Performance. Dexus conducts annual surveys for sustainability

monitoring. For example, in FY18 Dexus surveyed its panel of preferred suppliers to identify climate risks within Dexus's tier 1 supply chain.

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

**Long term**

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

No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

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

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

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

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

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

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

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

- Dexus's in-house Research team tracks economic conditions, correlates market risks and forecasts real estate market performance in all major commercial, retail and industrial property markets nationwide
- Dexus collaborates with peers and with industry associations to undertake work and share knowledge on climate change risk and adaptation
- Dexus engages with customers and conducts social demographic studies across retail properties
- Dexus works with subject matter experts to maintain an up-to-date view of this emerging topic

Dexus sets continuous improvement targets to drive reductions in energy use, the major contributor to Dexus's emissions footprint. Dexus is looking beyond its current targets towards a net-zero future in line with the Paris Agreement which is advocating significant reductions in emissions to keep global warming under two degrees against a pre-industrial baseline.

No

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

	specify
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Annual CDP Report

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

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

	URL/Attachment
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- URL

	URL
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{hyperlink:<http://www.dexus.com/sustainabilityapproach>}

- Attachment (will be made public)

Attachment

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

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

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

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

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

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

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

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

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

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

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

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

Formalised guidelines on environmental factors

URL/Attachment

URL

URL

{[hyperlink:http://www.dexus.com/2018DMA](http://www.dexus.com/2018DMA)}

Attachment (will be made public)

Attachment

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

Formalised guidelines on social factors

URL/Attachment

URL

URL

{[hyperlink:http://www.dexus.com/2018DMA](http://www.dexus.com/2018DMA)}

Attachment (will be made public)

Attachment

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

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:<http://www.dexus.com/2018DMA>}

Attachment (will be made public)

Attachment

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

Fiduciary (or equivalent) duties

URL/Attachment

URL

URL

{hyperlink:<http://www.dexus.com/2018DMA>}

Attachment (will be made public)

Attachment

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

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

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

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:<https://www.dexus.com/2018DMA>}

Attachment (will be made public)

Attachment

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

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

We do not publicly disclose our investment policy documents

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

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

URL/Attachment

URL

URL

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

Attachment

File Attachment

{hyperlink:2018 Dexus Disclosures on Management Approach.pdf [1459KB]}

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

URL/Attachment

URL

URL

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

Attachment

File Attachment

{hyperlink:2018 Dexus Disclosures on Management Approach.pdf [1459KB]}

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.dexus.com/2018DMA}

Attachment

File Attachment

{hyperlink:2018 Dexus Disclosures on Management Approach.pdf [1459KB]}

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.dexus.com/2018DMA}

Attachment

File Attachment

{hyperlink:2018 Dexus Disclosures on Management Approach.pdf [1459KB]}

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:https://www.dexus.com/investors/investor-information/why-invest-in-dexus}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:https://www.dexus.com/2018sustainabilityreport}

Attachment

File Attachment

{hyperlink:2018 Dexus Performance Pack.pdf [5156KB]}

Climate change

URL/Attachment

URL



URL

{[hyperlink:https://www.dexus.com/2018sustainabilityreport](https://www.dexus.com/2018sustainabilityreport)}

Attachment

File Attachment

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

Understanding and incorporating client / beneficiary sustainability preferences

URL/Attachment

URL

URL

{[hyperlink:https://www.dexus.com/2018sustainabilityreport](https://www.dexus.com/2018sustainabilityreport)}

Attachment

We do not publicly disclose any investment policy components

### SG 02.3

Additional information [Optional].

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

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

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

#### Overall Approach

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

##### *Policies:*

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

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

##### *Committees:*

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

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

**Group Management Committee (GMC):** Oversees business operations including its management of compliance, risk and sustainability. The GMC reports directly to the Dexus Board. The GMC oversees sustainability and provides a direct link between business operations and corporate governance. It also assures the Board that major business risks have been identified and assessed, and effective plans are in place in line with the Risk Management Framework and Sustainability Approach.

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

**Board Risk Committee:** Responsible for overseeing group risk management, including implementation and management of sustainability practices and initiatives throughout Dexus, as well as overseeing WHS, risk, compliance and internal audit. The Board Risk Committee reports directly to the Board.

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

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

#### *Proxy Voting*

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

#### *Screening/exclusion policy*

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

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

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

Dexus is committed to working with contractors and service providers who maintain the highest ethical, safety and quality standards. As part of this commitment, Dexus has implemented an Embargo Policy which outlines the circumstances in which a contractor or service provider will be placed on an Embargo List. Should Dexus determine to place a supplier on the Embargo list, Dexus will not engage with that contractor or service provider until the issues of concern have been appropriately addressed.

#### **Guidelines on corporate governance**

##### *Risk Management Framework*

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

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

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

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

#### **Environmental, Social and Governance Guidelines**

##### *Sustainability Approach*

Dexus's Sustainability Approach incorporates the UNPRI 'Six Principles' within its goal "to create Sustained Value by adopting an approach that embraces connectivity, liveability and resilience, and is integrated across

Dexus's value chain". It forms the basis from which sustainability commitments and targets are formed, and how achievement is measured.

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

*Management approaches*

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

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

**Governance and human resources**

SG 07 CC	Voluntary	Public	Descriptive	General
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or head of department
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

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

Investment analysts

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

Dedicated responsible investment staff

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

Investor relations

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

External managers or service providers

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

Other role, specify (1)

Other description (1)

Head of Risk and Compliance

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

<b>SG 07.6 CC</b>	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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**Process and frequency of which the board/committees are informed of climate-related issues**

The Board Risk Committee is responsible for overseeing group risk management, including implementation and management of sustainability practices and initiatives throughout Dexus, as well as overseeing WHS, risk, compliance and internal audit. The Board Risk Committee reports directly to the Board.

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

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

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

1. Physical risks - risk exposure against long-term scenarios for climate-change related impacts (e.g. changes in temperature and rainfall, increased frequency and severity of flooding, tropical storms, extreme winds and rising sea levels)

2. Transitional risks - economic risks, social risks and potential safety risks
3. The group's portfolio's and/or building's resilience to cope with these scenarios

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

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

**SG 07.7  
CC**

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

### Organisational structure

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

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

### Board and committee reporting

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

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

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

### Understanding climate-related issues

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

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

### Monitoring climate-related issues

Dexus's Risk and Compliance team implements the group's Environmental Management System which addresses environmental risks as part of Dexus's overall risk management framework. The EMS has been designed to assess properties for their risk exposure against long term scenarios for changes in temperature and rainfall, increased frequency and severity of flooding, tropical storms, extreme winds and rising sea levels.

Dexus's sustainability team coordinates the delivery of Dexus's Sustainability Approach which aims to minimise the overall environmental impact of Dexus operations and monitor environmental performance.

*Reducing Dexus's emissions footprint*

The Sustainability team sets continuous improvement targets and monitors programs to drive reductions in energy use, the major contributor to Dexus's emissions footprint. In FY18 Dexus established the goal to achieve net-zero greenhouse gas emissions by 2030 across the group's managed portfolio through energy efficiency and increasing renewables. This goal is in line with current climate science which is advocating significant reductions in emissions to keep global warming under two degrees against a pre-industrial baseline.

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors

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

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

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

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

<b>SG 13.2</b>	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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	We do the following
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- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

<b>SG 13.3</b>	Additional information. [OPTIONAL]
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**Research activities**

Dexus's in-house Research team identifies and analyses key 'megatrends' that affect the property sector such as, increased urban density, changing age demographics, transition to a service and knowledge economy, e-commerce, sharing economy/co-working, automation and robotics, and driverless cars/ridesharing. Research

reviews a wide-array of local, regional and national datasets to identify and assess the impacts of such trends.

### Climate change risk analysis

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

Dexus reviewed property-specific scenario data including flood maps, and likely frequency and intensity of bushfires and tropical storms to assess each property and identify hotspots in each geographical market. The study will be used to inform future investments and establish mitigation plans for existing investments.

### Climate Modelling

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

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

	Describe
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Dexus's climate scenario analysis uses results from the highest emissions scenario (RCP8.5) from the 2014 IPCC report. This scenario was chosen to provide Dexus with an indication of worst-case climate-related outcomes, including the magnitude and specific locations where they are likely to occur.

A geospatial analysis was conducted to map Dexus properties against their relevant climate-zones and link to the scenario outcomes. Risk exposure was rated for each property from Low to High using Dexus's standard 2-dimensional risk rating matrix, which assesses likelihood (from almost certain to rare) and consequence (from insignificant to catastrophic) for each type of physical risk. The scenario analysis was supplemented with NARClIM the highest resolution dataset available for Australia.

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

In addition, Dexus has applied climate scenario analysis outcomes to inform energy use and price modelling out to 2030 with comparison against sector decarbonisation consistent with 2 degrees warming against pre-industrial levels. This analysis has been used to align future targets with science-based outcomes to avoid serious climate-change effects and develop future targets on energy efficiency and renewable energy.

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

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

The EMS has been designed to assess properties for their risk exposure against long-term scenarios for changes in temperature and rainfall, increased frequency and severity of flooding, tropical storms, extreme winds and rising sea levels. Post-acquisition, reinspection environmental management reports or 'Statement of Environmental Aspects' are conducted for each property prepared from the ISA and reviewed annually.

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

- Incorporation into investment analysis

Describe

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

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

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

- Inform active ownership

Describe

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

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

In conjunction with the Property Council of Australia, Dexus has been monitoring national energy policy developments including progress towards the Renewable Energy Target. Climate and energy related policies have a direct cost impact to Dexus, Dexus's exposure to the energy market and existing and future government initiatives influences Dexus's energy price exposure and associated climate impacts. Dexus has assessed the price risk on its current and future energy costs and engaged in discussions with its electricity retailer on the electricity price movements that may result from changes in energy and climate related legislation.

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

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

- Other



**SG 13.5**  
**CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6**  
**CC**

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

- Yes

Describe

**Climate change risk analysis**

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

Dexus also reviewed property-specific scenario data including flood maps, and likely frequency and intensity of bushfires and tropical storms to assess each property and identify hotspots in each geographical market. This study is used to inform future investments and establish mitigation plans for existing investments.

**Climate Modelling**

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

- No

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios the organisation uses.

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

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1** Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

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

other description (1)

Urbanisation and its impacts on the property market

- Other, specify(2)
- None of the above

**SG 14.2** Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

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

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

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

Specify the framework or taxonomy used.

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

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

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

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

**SG 14.3**

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

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

**SG 14.4**

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

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

**SG 14.5**

Additional information [Optional]

**Research activities**

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

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

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

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

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

**Carbon footprinting**

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

**Target setting**

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

- Setting and achieving operational performance targets such as financial targets or building efficiency benchmarks

- Initiatives to improve collaboration or joint commitment with stakeholders such as suppliers, customers, and industry peers
- Enhancements to processes, governance mechanisms or internal efficiency
- Implementing ESG projects at specific properties within the portfolio
- Broader ambitions to make a material impact on employees, the community and/or the environment

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

**Third Party Property Managers**

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

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

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

SG 14.7  
CC

Describe in further detail the key targets.

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

**SG 14.8  
CC**

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

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

Please describe

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

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

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

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

Key risks are identified, and site mitigation plans are developed to cover all risks including natural disaster risks. Strategic improvement plans are developed to improve energy efficiency and reduce greenhouse gas emissions. Climate Change Adaptation Plans have been developed for the top ten properties at risk. Plans

are coordinated at the corporate level and managed at the property level.

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

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

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

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

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

No