

Responsible Investment Policy

1. Rationale and background

Dexus is committed to making responsible investment decisions on behalf of our capital investors and securityholders. Dexus believes there are links between an organisation's environmental and social impacts, the quality of its corporate governance, and its long-term business success. Our aim is to incorporate and manage material ESG issues in the same balanced way we do other key risks.

Dexus has been a signatory to the Principles for Responsible Investment (UNPRI) since 2010. The UNPRI's Principles for Responsible Investment have informed the integration of responsible investment practice at Dexus and the development of this policy.

We believe considering environmental, social and governance (ESG) factors within Dexus's investment decision-making and ownership practices provides greater insight into areas of potential risk and opportunity that will impact the value, performance (risk and/or return) and reputation of the investments we make on behalf of investors.

At Dexus, ESG encompasses a broad range of issues that may of themselves, or in combination, have a material impact on the risk/return characteristics of our investments. These issues may be driven by existing or future regulations, reflect issues of significant societal concern, or pose potential operational, financial, strategic, reputational, or systemic risks.

Environmental

Climate change, climate risk management including resilience and adaptation, renewable energy, greenhouse gas emissions management, resource efficiency, circularity and biodiversity risk management, environmental management practices.

Social

Community impacts, workplace health and safety, labour relations and standards, First Nations engagement, diversity equity and inclusion and demographic changes and

Governance

Human rights and modern slavery, Responsible supply chain, board composition, auditor appointment and independence, executive remuneration and incentive plans, corporate accountability structures, compliance, negligence, bribery and corruption, conflicts of interest and related-party transactions, shareholder rights, accounting and audit quality.

This document applies to all investments across the group, providing guidance to those involved in the investment decision making process. This document is linked to other sustainability-related policies, procedures, guidelines and tools at an organisational and asset class level that also form part of our sustainability policy suite and further influence our business and investment decision-making.

This document is approved by Dexus's Group Management Committee which reports through to the Dexus Board.

2. Our approach to responsible investment

As an investor and owner of real assets, on behalf of our investors, we have a stake in the effective operation and sustainability of the broader economy, society, the integrity and transparency of markets, good governance and business conduct.

Our size, geographical coverage, diversity of assets, and variety of fund mandates, requires flexibility in the way we approach responsible investment and the integration of material ESG factors.



Our aim is to incorporate and manage material ESG factors in the same balanced way we do other key risks which impact an investment's performance.

Dexus believes responsible investing requires consideration of future market trends and societal expectations of corporate responsibility that affect growth and risk factors within industry sectors or company business models, making them increasingly unsustainable.

If Dexus considers these issues may pose increasing risk to our investor's interests, as a large investor and owner, we typically engage with the investee to understand how such risks are managed as well as communicate our views to investors.

3. Ethical considerations

In exceptional circumstances Dexus may seek to exclude particular companies, asset types or industry sectors from our investable universe on moral or ethical grounds. In making such a decision, Dexus will take into account the extent (if any) to which a company's activities (conduct), products or services:

- Violate the principle of respect for persons which affirms the intrinsic dignity of all people irrespective of age, disability, gender, race, religion and prohibits the treatment of any human being merely as a means to an end; and
- Contravene principles accepted under international human rights laws including but not limited to UN conventions; and
- Can be used without causing harm to others including those who may choose to make use of the relevant goods or services.

In undertaking its assessment Dexus will apply the principles and risk tolerances described in Dexus Risk Appetite Statement (Risk @ Dexus).

Dexus's Investment Committees are responsible for ensuring relevant information is considered prior to reaching a decision to exclude or divest a company, asset type or industry sector from its investable universe. This includes consideration of fiduciary obligations, fund investment objectives, stakeholder concerns and recommendations from its own research and investment teams.

4. Organisational goals and objectives

Consistent with our fiduciary responsibilities and approach outlined above, Dexus's responsible investment related objectives include:

- Rigorously assessing sustainability risks and opportunities to enhance our investment decision-making
- Broadening our understanding of sustainability impacts on value and investment performance
- Actively monitoring sustainability integration across the business and promoting our approach to investors, business partners and stakeholders

5. Investment analysis and decision making

Dexus's investment teams are responsible for:

- Developing and implementing sustainability integration techniques that appropriately reflect the characteristics of the asset class, investor requirements, investment styles and time horizons
- Developing appropriate policies and guidelines demonstrating how material ESG factors are identified and assessed within the investment process. Where such policies and guidelines do not currently exist they will be developed accordingly
- Leveraging our existing resources and research capabilities on sustainability related topics for the benefit of our investment teams
- Sourcing data and research and analysing the impact material sustainability factors may have upon individual investments and portfolios including future cash flows, valuations, price, growth and risk
- Integrating material sustainability considerations within portfolio construction and portfolio management strategies
- Ensuring sustainability issues have been considered prior to seeking investment approvals



6. Asset stewardship, active ownership and engagement

Dexus places a strong emphasis on active management of our investments. For our real assets investments, sustainability issues will be considered in the early stages of the investment origination and throughout the due diligence and acquisition phase. Post-acquisition, we continue to monitor and manage specific sustainability issues to capture value, ensure strong risk management and engagement with relevant stakeholders.

Dexus recognises our responsibility to influence the Boards and management teams of investee companies and assets where improvements in sustainability performance or risk management may contribute to business and investment performance outcomes. Recognising the diversity of our portfolio, varying in sector, size, geography, ownership stake and level of control/influence, our active ownership and engagement goals include:

- Actively managing assets where we have operational control to improve sustainability performance, with a view to creating value, mitigating risk and driving sustainability impact on the issues that are most material to our investments and investors
- Monitoring companies and assets in which we invest and encouraging improved recognition of sustainability considerations in business policies, practices and disclosures. This may be conducted using specialised tools and systems for the sourcing, management and reporting of aggregated sustainability metrics, internal asset management teams or external managers
- In line with our own policies and guidelines, seeking to influence improvement in sustainability performance by investee assets where we do not have operational control, by actively engaging them on their own approaches to managing material sustainability risks and opportunities
- Engaging and collaborating with our service providers, external managers and business partners to understand their processes for considering sustainability issues within the services they provide or investments they manage on our behalf
- Upholding the principle of fiduciary duty when making decisions on behalf of our investors, ensuring that conflicts of interest are appropriately managed in accordance with the Dexus Conflicts of Interest and Related Party Transactions Policy

7. Monitoring, reviewing and reporting our progress

Dexus is committed to sharing our progress on sustainability integration at the request of our investors and other stakeholders, and in line with our commitments as a signatory of various industry groups and initiatives.

This document and our ongoing objectives, aspirations, business strategy and performance measures related to sustainability integration, will be reviewed as required to ensure ongoing alignment between our corporate objectives and investor requirements.



Appendix: Investment Position on Key Sustainability Issues

Tobacco Products and Electronic Cigarettes (ENDS)

Investment in companies with known material involvement in the production, manufacture or distribution of tobacco products and electronic nicotine delivery systems (ENDS) ¹ does not meet our investment criteria as outlined under “Ethical Considerations” in the Dexus Responsible Investment and Stewardship Policy. Accordingly, such companies and assets will be excluded from Dexus’s investment portfolio.

This is because we consider:

- Tobacco products and ENDS to be addictive; and
- There is no safe level of cigarette smoking (consumption); and
- There is increasing evidence of negative health impacts of second-hand smoking.

We consider the assessment of material involvement to be met if tobacco products and/or ENDS contribute 50% or more of the company or asset’s total revenue.

Controversial Weapons

Investment in companies with known material involvement in the production, manufacture, maintenance or distribution of controversial weapons does not meet our investment criteria as outlined under “Ethical Considerations” in the Dexus Responsible Investment and Stewardship Policy. We define controversial weapons as weapons that:

- Have the ability to indiscriminately kill military and civilian targets through normal use (including post conflict) which violates the principle of ‘respect for persons’; and
- Such weapons cannot be used as intended without causing harm to others and resulting in significant negative social impacts; and
- For the avoidance of doubt, any weapon that contravenes the principles of the United Nations Convention on Certain Conventional Weapons (such as cluster munitions, anti-personnel landmines, chemical weapons or biological weapons).

We consider the assessment of material involvement to be met where companies or assets:

- Are involved in an essential and unique aspect of the supply or value chain that leads to the use of controversial weapons; and
- Play a substantial role in the provision of that service (i.e. whether there is only one company providing the service or multiple)

¹ Also known as e-cigarettes, e-cigs, mods, e-hookah, vape pens and vapes