

# Risk Management Policy

2 June 2023  
Version 7.0

## 1. Purpose

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

## 2. Scope and application

This Policy applies to all legal entities which comprise the Dexus Group, including Dexus Funds Management Limited, Dexus Wholesale Management Limited, Dexus Wholesale Funds Limited, Dexus Asset Management Limited Board, Dexus RE Limited Dexus Investment Management Limited, Dexus Wholesale Property Limited, AMP Capital Funds Management Limited and AMP Investment Services Pty Ltd.

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

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

## 3. Governance

This Policy is owned and approved by the DXFM Board. At least annually, the following documents are reviewed and endorsed by the Group Management Committee (GMC) and recommended by the Dexus Board Risk Committee for DXFM Board approval:

- Risk Management Policy and Risk Management Framework to satisfy itself that Dexus's risk management practices continues to be sound.
- Risk Appetite Statements to articulate the risk boundaries that Dexus must operate within.

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

- Negative impact on remuneration or
- Termination of employment.

## 4. The Principles of Risk Management

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

Dexus's approach to risk management is aligned to ISO31000:2018, where "*risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives*"<sup>1</sup>. As set out in ISO 31000:2018, the foundation of risk management is guided by eight principles, where incorporating these within the risk management framework will enable Dexus to

---

<sup>1</sup>International Organization for Standardization (2018) *Risk Management – Guidelines* (ISO Standard No. 31000); Section 4

effectively manage uncertainty on its objectives. Refer to *Figure 1 Principles of ISO 31000:2018* for the principles, and *Risk Management Framework* for further details.

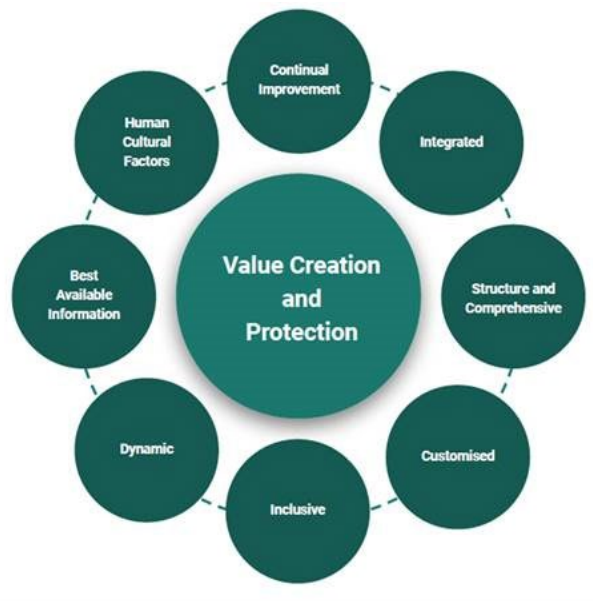


Figure 1: Principles of ISO 31000:2018

### 5. Three Lines Model

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

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

## The IIA's Three Lines Model

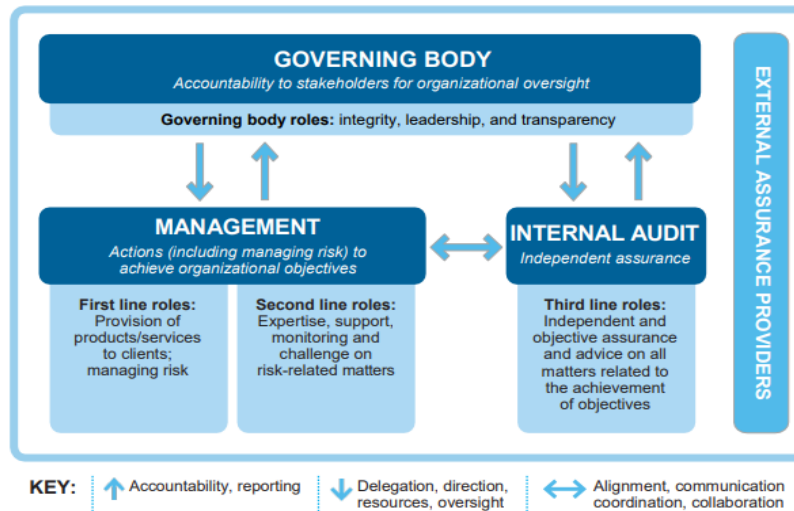


Figure 2: Institute of Internal Auditors (IIA) Three Line Model

### 6. Roles and Responsibilities

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

Role	Responsibility
<b>Dexus Board of Directors</b>	The primary purpose of the DXFM Board is to ensure that Dexus acts in the best interests of our Security holders, taking into account our stakeholders including third party capital partners, customers and our people. The Board of Directors sets the risk appetite for the Group and is ultimately responsible for risk management and setting the tone and culture of risk and compliance at Dexus.
<b>Dexus Board Risk Committee</b>	To oversee platform risk management practices, the DXFM Board has established a Board Risk Committee to assist Dexus in fulfilling its responsibilities as they relate to risk management (including Work, Health & Safety), cyber risk, risk culture and compliance management.
<b>Dexus Board Audit Committee</b>	To oversee financial risk management, the DXFM Board has established a Board Audit Committee responsible for reviewing the integrity and quality of the Group's financial statements and disclosures including auditing, accounting and financial reporting processes. The Committee is responsible for the oversight of Dexus's Internal Audit program.
<b>Dexus Board Environmental, Social and Governance (ESG) Committee</b>	To consider the material Environmental, Social and Governance (ESG) issues relevant to the Group's business activities and have oversight of Management's approach in the identification and management of ESG risks and opportunities.
<b>Dexus Board People and Remuneration Committee</b>	To oversee risks associated with Dexus's human resources, the DXFM Board has established a Board People & Remuneration Committee responsible for overseeing all aspects of Director, Group Management Committee and Key Management Personnel remuneration and other aspects of human resources management.
<b>Board Nomination Committee</b>	To oversee risks associated with Director nomination and the DXFM Board performance evaluation, the DXFM Board has established a Board Nomination Committee responsible for reviewing the size, composition, diversity, skills and desired competencies of the Board and its delegated committees. The

	Committee reviews the nomination, appointment, re-election and removal of Directors.
<b>Fund Boards and Audit, Risk &amp; Compliance Committees (ARCC)</b>	<p>The Fund Boards are responsible for ensuring the fiduciary and statutory obligations of their respective fund(s) to its unitholders are met, and that such duties have priority over all other duties, including the interests of the shareholders. Each Fund Board approves their respective entity's risk appetite and ensures appropriate risk management is in place.</p> <p>The ARCC is accountable to and acts primarily as a delegated committee to the respective Board. The objective of the Committee is to assist the Board in fulfilling their responsibilities as they relate to risk management (including Work, Health &amp; Safety) and compliance management.</p> <p>Fund Boards include: Dexus Asset Management Limited (DXAM); Dexus Wholesale Property Limited (DWPL) Board; Dexus Wholesale Funds Limited (DWFL) Board; Dexus Wholesale Management Limited (DWML) Board; AMP Capital Funds Management (AMPCFM) Board; AMP Investment Services (AMPIS) Board</p>
<b>Group Management Committee</b>	The Group Management Committee is responsible for ensuring appropriate risk management practices and policies are in place. This includes the oversight of the Group's risk management and compliance policies and the establishment of the internal audit program and ensuring it is delivered. Members of the Group Management Committee (Executive General Managers) are also responsible for promoting a culture of ethical behaviour and proactive risk management for their areas of responsibility.
<b>Internal Audit</b>	The appointed Dexus Internal Audit team provides independent and objective assurance on all matters related to the achievement of risk management objectives. Representatives of the audit team regularly attend the BRC, BAC and DXAM ARCC meetings.
<b>Risk and Compliance Teams</b>	The Risk and Compliance teams, together with the business, operate under structured programs which includes the monitoring of compliance and risk management. The teams independently review and report on operational compliance and risk management.
<b>All employees</b>	Risk is managed in every part of an organisation's structure and therefore every Dexus employee has responsibility for managing risk on an ongoing basis. People managers and executives are responsible for supporting Dexus's culture of ethical behaviour and proactive risk management.

Further details of the DXFM Board and its Committees are provided in the Terms of Reference available on the Dexus website. The Terms of Reference are reviewed and approved at least annually.

## 7. Risk Management Process

Dexus's risk management process is an integral part of management and decision-making and is incorporated into the structure, operations and processes of the organisation. Dexus's process for managing risk aligns to ISO31000:2018 and involves the systematic application of policies, procedures and practices. Refer to *Figure 3: Risk management process (ISO31000:2018)*, and *Risk Management Framework* for further details.

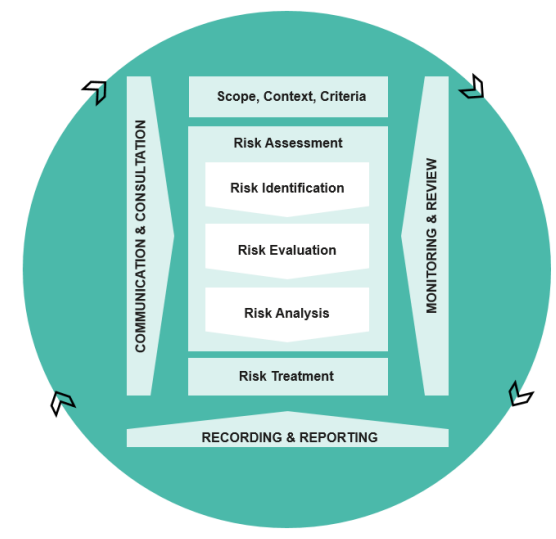


Figure 3: Risk management process (ISO31000:2018)

## 8. Key Risk Categories

Dexus periodically assesses the organisation's key risks with consideration given to the external and internal operating environment. Each key risk is monitored and reported on a quarterly basis to the Group Management Committee (GMC), the Board Risk Committee (BRC) and/or the relevant Fund Boards. The key risks cover risk categories including Strategic, Financial and Non-financial risk.

## 9. Related policies

- Risk Management Framework
- Risk Assessment Criteria
- Employee Code of Conduct Policy
- Fraud, Corruption and Bribery Policy
- Whistleblower Policy
- Work Health Safety and Liability Statement Policy

Version	Document Owner	Author	Approving Authority	Approved Date
6.0	Head of Risk	Amanda Charlton	DXFM Board	16 June 2020
6.1	Head of Risk	Amanda Charlton	DXFM Board	29 July 2021
6.2	Head of Risk	Amanda Charlton	DXFM Board	27 July 2022
7.0	Head of Risk	Andrew Pietor	DXFM Board	15 August 2023