



Sustainability Report 2019

Charter Hall Group
July 2018-June 2019

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About this report

This is our eighth annual sustainability report. It covers the business activities of the Charter Hall Group’s managed property funds and assets, for the financial year ending 30 June 2019 (FY19).

In some material cases information is provided on events that took place after the close of the financial year.

General disclosures relate to Charter Hall Group and its managed funds. Specific disclosures may be at Group level, or assigned to particular asset classes (office, industrial, retail), as noted.

In FY19, we acquired the Folkestone funds management business, which included a number of listed and unlisted property funds, with properties within Australia and New Zealand. In November 2018, the trust changed its name to Charter Hall Education Trust (ASX: CQE).

Unless otherwise stated, environmental data in this report pertains exclusively to the assets and activities within Charter Hall’s operational control, and does not include data for outside entities, such as tenants, suppliers and contractors.

In preparing this report, we have been guided by the Global Reporting Initiative’s (GRI) sustainability reporting standards (Core option). For further details on our disclosures, please refer to the GRI Index.

Charter Hall commissioned Deloitte Australia to provide assurance across a selection of our FY19 non-financial performance metrics, including environmental, people and safety. Our assurance statement is available on page 85.

For us, sustainability is the way we deliver against our purpose, to secure a better future for all. Our values drive all of us to think bigger and go further.

CEO message

At Charter Hall we're all about achieving better futures and mutual success. It's a philosophy that underpins our operating model and our commitment to all our stakeholders.



David Harrison
 Managing Director
 and Group Chief
 Executive Officer

Our new purpose, developed with our investors, tenants and employees, is about creating better futures through bringing aspirations to life. Supporting our purpose and guiding our decisions are our four values of active partnership, genuine insight, inventive spirit and powered by drive.

Sustainability is an important part of the way we deliver on our purpose.

Our investment in high performing sustainable assets continues to produce increased value for our investors, tenants and communities. We've carefully curated a \$30.4 billion diverse portfolio of over 840 high quality, long leased properties, including expanding our reach into social infrastructure, through the acquisition of the \$1.6 billion Folkestone funds management business platform in FY19.

Amongst our highlights for FY19, I am pleased to announce that we have set a target of 100% reduction in emissions within Charter Hall direct control (Scope 1 and Scope 2) by 2030. In addition, we have built on what was already Australia's largest Green Star footprint, significantly increased renewable energy usage in our assets, and carried out climate change adaptation planning across our office, retail and industrial portfolios.

Our stabilised assets (like-for-like), in office, have reduced their electricity intensity by 3% improving our office portfolio NABERS Energy rating to a 4.77 Star weighted average, and maintaining a retail portfolio of 3.9 Star NABERS Energy weighted average rating. During the year, we entered into a Power Purchase Agreement to install solar PV across 14 of our shopping centre assets, which will deliver 40% of their energy needs.

We are also investigating opportunities to work with our tenant customers and contractors to reduce their emissions outside of our control (Scope 3 emissions) continuing our active partnership with our customers and expansion of our investment in renewable energy across our retail, industrial and office portfolios.

During the year we reviewed the way we operate our business and enable our people to thrive. I am pleased to share that we received strong results in employee engagement as well as in our culture and risk index, which were above the national and global industry benchmarks. This result reflects how the energy, growth and performance of our Group are fuelled by our culture and our people.

CEO message (continued)

We are focused on the health and safety of our customers and employees and increasing our investment in the international WELL Standard, including rating our new and existing spaces. In doing so, we are delivering outstanding environments for our customers and employees.

Consistent with our purpose, our commitment to the philanthropic movement Pledge 1% continues to grow. Across our property portfolio, we provided over \$1.8 million (or 37,997sqm of space) for community, health and wellbeing activities and invested \$775,000 in partnerships providing community programs and services. Together with our customers, our retail centres also raised \$196,000 to support drought affected communities. Our people remain highly engaged in the communities we operate in volunteering their time and skills as part of our Pledge 1%.

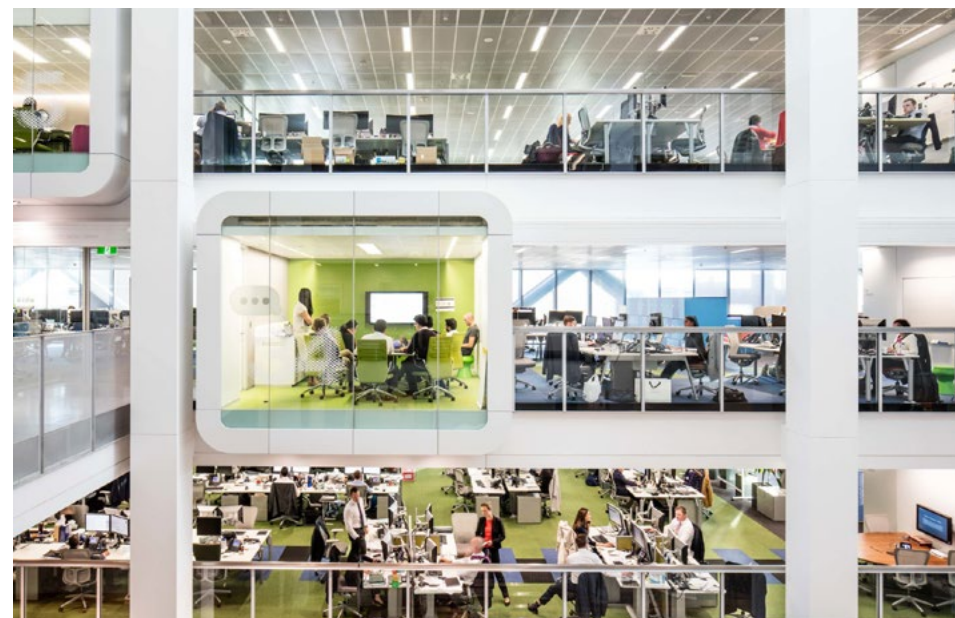
We understand the role we play in creating systemic change by preventing modern slavery and safeguarding human rights through our operations and supply chain. This year we implemented our human rights framework and became a signatory to the UN Global Compact. Our contribution also extended to participation in an industry-wide collaboration led by the Property Council of Australia to implement an approach to addressing modern slavery risks across the property sector.

In FY19 we undertook a Board endorsed investigation into the Taskforce for Climate-related Financial Disclosures (TCFD) Framework and as a result, we are now preparing to align with the TCFD recommendations. This report provides an overview of our climate strategy, alongside disclosures on our progress to date.

I'm proud of our proven ability to create sustainable long-term value for our stakeholders, which is demonstrated in our progress against our sustainability strategies outlined in this report. I invite you to read the report, which provides a detailed overview of our progress to date and outlines our plans and aspirations for the years ahead.



David Harrison
 Managing Director
 and Group Chief Executive Officer



1 Shelley Street, Sydney

An aerial photograph of a city skyline, likely Sydney, Australia. The image shows a dense cluster of skyscrapers and modern buildings along a river. The Sydney Tower Eye is prominent on the right side. The sky is filled with soft, white clouds, and the water reflects the light. The overall tone is bright and optimistic.

Think Bigger

How we create value



Think Bigger

We create better futures by bringing aspirations to life.

What guides us

We're driven to make a difference, unlocking potential through partnership, insight and new ways of thinking.

Active partnership

Genuine insight

Inventive spirit

Powered by drive

Read more at charterhall.com.au/About-Us



Do Better

What we do

We use our property expertise to access, deploy, manage and invest equity in real estate to create value and generate superior returns for all our stakeholders.

\$30.4bn Funds Under Management

844 Office, Industrial, Retail & Social Infrastructure Properties

\$7bn Development Pipeline Completion Value

38,000+ Investor & Tenant Customers

How we do it

Access – accessing equity from listed, wholesale and retail investors.

Deploy – creating value through attractive investment opportunities.

Manage – funds management, asset management, leasing and development services.

Invest – investing alongside our capital partners.

Who we do it for

- Investors
- Employees
- Tenants
- Suppliers
- Local communities
- Government and industry

Information provided in this graphic is correct at 30 June 2019.

Go Further

What's shaping our prospects

In a rapidly changing world, we engage regularly with stakeholders to better understand the horizon risks and opportunities ahead.

	Environment	Social	Governance
What matters most	Climate resilience	Engagement and inclusion	Responsible business
Our response	Act on climate change	Increase the strength of communities	Embed a high standard of ethics into our actions
How we create value	<p>Energy and carbon: Making our buildings more energy efficient and investing in renewables</p> <p>Water: Conserving water resources</p> <p>Waste: Reducing waste and increasing recycling</p> <p>Resilience: Understanding and managing climate risk and adaptation.</p>	<p>Investment: Pledging 1% to community initiatives</p> <p>Jobs: Creating more employment opportunities</p> <p>Inclusion: Fostering a diverse, inclusive and agile workforce</p> <p>Engagement: Investing in innovative ways to engage our stakeholders</p> <p>Wellbeing: Providing healthy, built environments through our WELL rated buildings and partnerships</p> <p>Health and Safety: Improving the health and safety of our work environment.</p>	<p>Governance: Ensuring we deliver on our commitment to the UN Global Compact</p> <p>Compliance: Training all employees in ethical behaviour and standards</p> <p>Data security: Protecting the privacy of individuals and companies.</p>
How we measure our success	<p>Reduction in greenhouse gas emissions and resource use</p> <p>Benchmarking against NABERS and Green Star standards</p> <p>Percent of assets covered by adaptation plans</p>	<p>Pledge 1% metrics</p> <p>Diversity metrics</p> <p>Engagement and culture metrics</p> <p>Tenant and investor satisfaction</p> <p>WELL accreditation</p> <p>Health and safety data</p>	<p>Annual UN Global Compact and Modern Slavery statements</p> <p>Implementing measures on customer, investor and employee satisfaction</p> <p>100% employee ethics compliance training</p> <p>Alignment to international standards</p>

FY19 Highlights



Environment

Emissions reduction target

100%

reduction targets developed for Scope 1 and Scope 2 emissions, by 2030, from base buildings in Charter Hall direct operational control¹

Energy efficient buildings

4.77

star

Increased Office portfolio NABERS Energy ratings weighted average, up from 4.66 star in FY18

Onsite renewable energy

5.2

 MW solar

PV installed across the office, industrial and retail portfolio, generating 7,598MWh of electricity per annum (equivalent to powering 507 homes)



Social

Pledge 1% achievements

67%

of our employees engaged in 378 employee volunteer days

\$1.8m

or 37,997sqm of space utilised by community organisations, and for health and wellbeing activities

\$775,000

invested in community programs and services

87%

employee engagement



Governance

Signatory to UN Global Compact

Launched our new purpose and values

81%

Risk Culture Index

Above the Australian National and Global High Performance Norm

100%

Employee engagement in compliance training

Developed our human rights framework

¹ Emissions from our base building that are in Charter Hall direct operational control, related to energy use and refrigerants include: Scope 1: Gas, diesel and refrigerants from our base buildings and operations, and Scope 2: Electricity purchased for our base buildings and operations in our control.

A full-page photograph of a person riding a bicycle through a sunlit forest. The person is wearing a green jacket and is riding a blue bicycle with a black bag on the back. The scene is bathed in warm, golden light from the sun, which is low in the sky, creating long shadows and a hazy atmosphere. The ground is covered in grass and fallen leaves. The text "Do Better" is overlaid on the left side of the image.

Do Better

Who we are

At Charter Hall we believe in going above and beyond, doing more to help our tenants, investors, our people and the communities we operate in realise their full potential.

As a Group, Charter Hall Group listed on the Australian Stock Exchange in 2005 under the ASX Code: CHC. Charter Hall Group is a stapled security comprising a share in Charter Hall Limited (CHL), the operating business, and a unit in Charter Hall Property Trust (CHPT), which predominantly co-invests in the funds and partnerships managed by the Group.

We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial and logistics and social infrastructure.

Partnership and financial discipline are at the heart of our approach. We've carefully curated a \$30.4 billion diverse portfolio of 844 high quality, long leased properties.

Acting in the best interests of customers and communities, we combine insight and inventive spirit to unlock hidden value. Taking a long-term view, our \$7 billion development pipeline is expected to deliver sustainable, technologically enabled projects for our customers.

The impacts of what we do are far reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.

Our purpose and values

We create better futures by bringing aspirations to life.



**Active
Partnership**



**Genuine
Insight**



**Inventive
Spirit**



**Powered
by Drive**

Our funds management portfolio

Our funds cover multiple categories, including unlisted direct property funds, listed property funds and unlisted wholesale funds. Our listed funds are as follows:

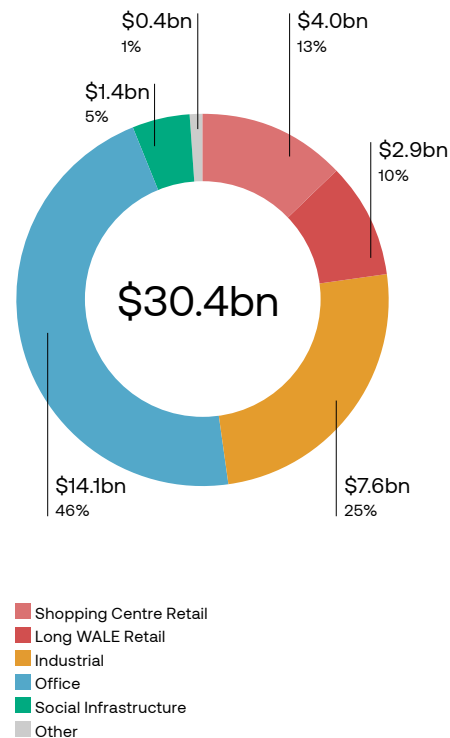
- Charter Hall Group (ASX:CHC)
- Charter Hall Retail REIT (ASX:CQR)
- Charter Hall Long WALE REIT (ASX: CLW), and
- Charter Hall Education Trust (ASX: CQE).

Over FY19 our property portfolio grew to 844 assets across office, retail, industrial and social infrastructure asset classes.

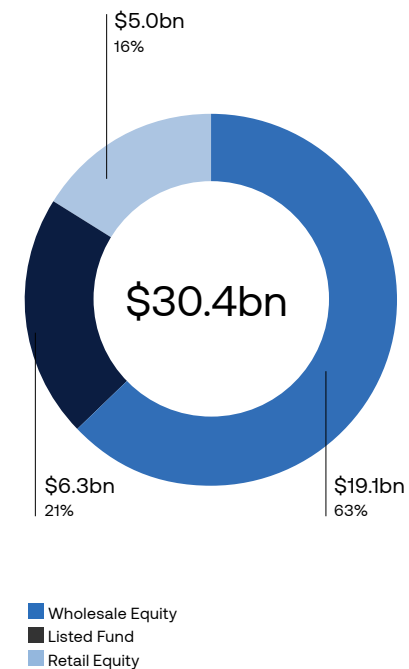
Our FY19 acquisition of Folkestone funds management business, which included a number of listed and unlisted funds, makes us the largest Australian property trust investing in social infrastructure properties within Australia and New Zealand.

For more information on our fund portfolio, including our unlisted direct property funds, please visit: charterhall.com.au/investments/funds

Asset type diversification



Diversification by equity source



Our property portfolio

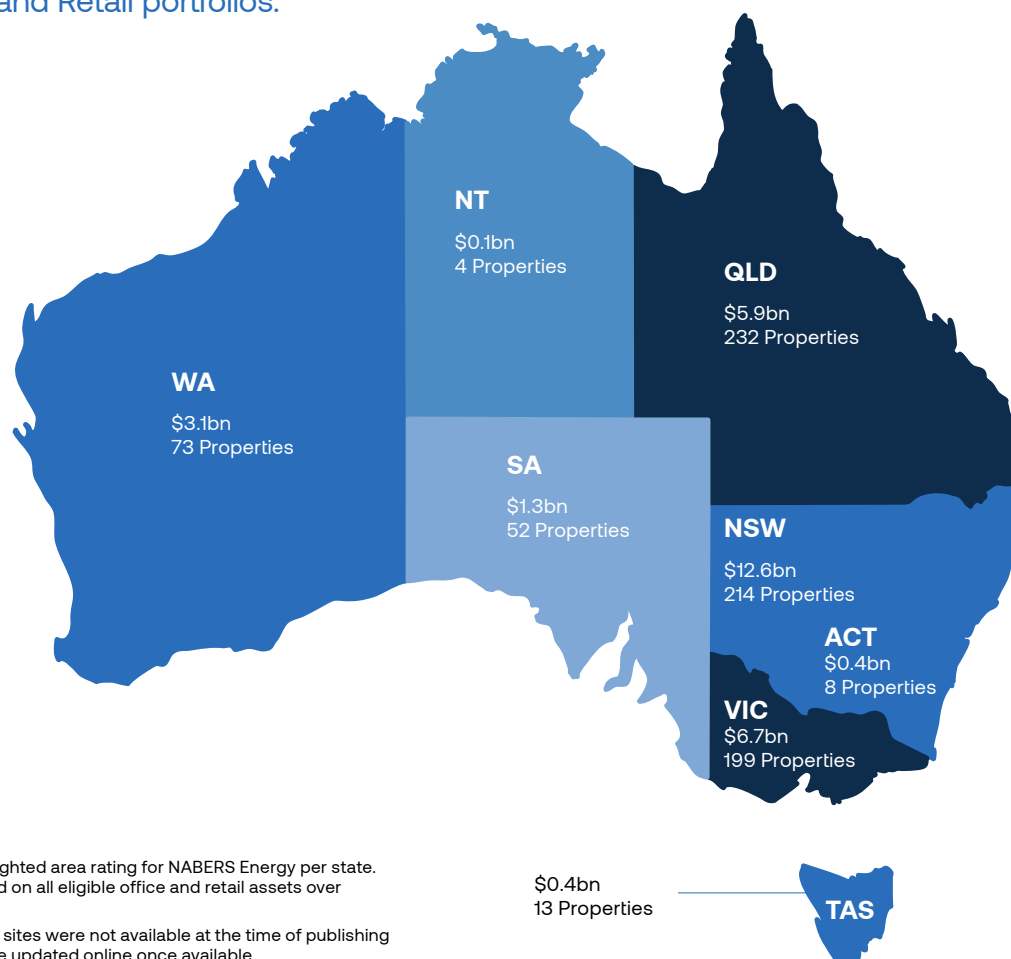
We maintain Australia's largest Green Star footprint, which continues to grow across our Office, Industrial and Retail portfolios.



CHC National Office
4.77 stars NABERS¹ Energy
Weighted Average Rating



CHC National Retail
3.75 stars NABERS¹ Energy
Weighted Average Rating



NT

Office	-
Retail	1
Industrial	1
Social Infrastructure	2
NABERS ¹ Retail ²	

QLD

Office	17
Retail	51
Industrial	30
Social Infrastructure	134
NABERS ¹ Office	4.59
NABERS ¹ Retail ²	4.70

WA

Office	7
Retail	25
Industrial	22
Social Infrastructure	19
NABERS ¹ Office	4.71
NABERS ¹ Retail ²	3.50

NSW

Office	20
Retail	50
Industrial	50
Social infrastructure	92
Other	2
NABERS ¹ Office	4.82
NABERS ¹ Retail ²	3.60

SA

Office	4
Retail	9
Industrial	9
Social Infrastructure	30
NABERS ¹ Office	5.39
NABERS ¹ Retail ²	4.70

ACT

Office	2
Retail	4
Social infrastructure	2
NABERS ¹ Office	4.50
NABERS ¹ Retail ²	4.50

VIC

Office	14
Retail	31
Industrial	49
Social Infrastructure	104
NABERS ¹ Office	4.84
NABERS ¹ Retail ²	3.80

TAS

Office	2
Retail	7
Industrial	2
Social Infrastructure	2
NABERS ¹ Office	3.00

¹ NABERS refers to the average weighted area rating for NABERS Energy per state. NABERS Energy ratings completed on all eligible office and retail assets over 15,000 sqm.

² The FY19 NABERS rating for Retail sites were not available at the time of publishing this report. The FY19 ratings will be updated online once available.

Information correct at 30 June 2019.

A full-page background image showing a person from behind, hiking up a grassy hill. The sun is low on the horizon, creating a strong lens flare and silhouetting the person. In the distance, a city and a harbor are visible under a clear blue sky.

Go Further

Our management approach

The Charter Hall Group Board has overarching responsibility for the Group's sustainability governance, which extends from the Board and its committees through the Executive Team and divisional management to our employees, contractors and suppliers.

For us, sustainability is the way we deliver against our purpose, to secure a better future for all. Our values drive all of us to think bigger and go further.

Sustainability governance

Corporate policies and procedures are developed and reported through the Charter Hall Audit Risk and Compliance Committee (ARCC), the Remuneration and Human Resources Committee (RHRC) and the Board. The ARCC receives regular updates from the Executive Team on sustainability issues and initiatives. It also reviews strategies, policies and annual sustainability reports for recommendation to the Board for approval.

The full suite of Charter Hall Group corporate governance policies, codes of conduct and charters is [available on our website](#). As part of this suite, the [Group Sustainability Policy](#) reflects our commitment to responsible and sustainable business practices.

Through our Supplier Code of Conduct introduced in February 2019, we promote ethical, environmental and social standards throughout our supply chain, including in our relationship with contractors, sub-contractors, consultants and suppliers.

Roles and responsibilities

The Executive Team has ultimate responsibility for ensuring we deliver on our sustainability commitments, including those defined within our Group Sustainability Policy. Charter Hall Environment, Social, Governance (ESG) achievements and considerations are reported to the Executive Committee, and quarterly to the CEO and Managing Director.

The Executive Team is supported by our fund, asset, operations and development teams, which embed the Group's sustainability strategy into our day-to-day business.

Our operations and capital works and project teams are tasked with enhancing operational efficiency across our assets, while our asset and property management teams manage our tenant customer spaces to meet their needs. Our development team is responsible for designing, developing and delivering assets that are operationally efficient and align with customer expectations.

Some aspects of sustainability – such as modern slavery and diversity and inclusion – are whole-of-business issues that apply across all teams, with ultimate responsibility vesting with the Executive Team and Board.

Each of our managed funds has its own governance structure, which determines decision-making with regard to assets within its portfolio. All funds adopt the Group Sustainability Policy and generally delegate day-to-day operational management to the Charter Hall Group. Management is undertaken in accordance with Charter Hall Group policies, codes of conduct and charters.

In our office and industrial portfolios, we outsource facilities management to CBRE, which has a dedicated sustainability manager responsible for tracking and managing asset performance against key sustainability criteria, with results on asset performance reported to us monthly. Role-specific sustainability KPIs also exist for managers and employees. We seek to avoid any activity or action which would contravene our governance requirements.

Aligning with the UN Global Compact

In March 2019, we became a signatory to the United Nations Global Compact (UNGC). We are committed to aligning our strategy, culture and day-to-day operations with UNGC principles on human rights, labour, environment and anti-corruption. We also seek to participate where possible in collaborative projects that advance the UN Sustainable Development Goals.



This is our **Communication on Progress** in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

Our material topics

We regularly scan our horizons for both emerging and recognised sustainability topics that could be material to our business.

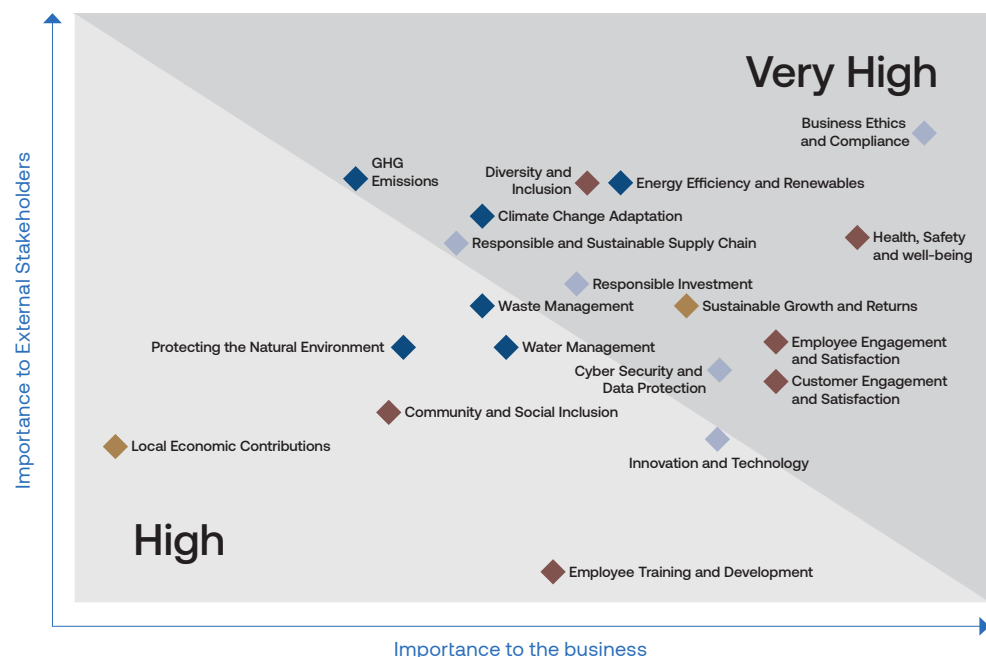
We define a material issue as one that has a direct or indirect impact on an organisation's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.¹

Our FY19 materiality process commenced with a review of global trends, desktop research and industry benchmarking to develop a list of prospective material topics. We then surveyed internal and external stakeholders, including investors, tenants and suppliers, to prioritise these topics, before validating results in a workshop with internal cross-divisional stakeholders. The results of our process are shown in the following matrix.

Topics were consolidated to streamline and better organise our strategic approach under three pillars (Environment, Social and Governance). Further prioritisation focussed on three material topics, which were considered to embrace all topics under the pillars and include climate resilience, engagement and inclusion, and responsible business, which have been used to inform and structure this report.

We will continue the discussion on what is material with our stakeholders in the coming year to inform our strategy and plans. For more on our stakeholder engagement see link.charterhall.com.au/stakeholder.

Materiality matrix



¹ <https://www.triplepundit.com/story/2013/sustainability-reporting-what-does-good-look/49586>

Our sustainability framework



Environment



Social



Governance

Material topic

What this covers

Climate resilience

Resilience: understanding and managing climate change and environmental risk and adaptation

Energy and carbon: reducing emissions, investing in renewables and more efficient buildings

Water: conserving water resources

Waste: reducing waste and increasing recycling

Engagement and inclusion

Community: building inclusive communities and creating more employment opportunities

Employee: creating great employee experiences and a place where people belong

Customer: creating inclusive spaces and engaging experiences

Wellbeing: caring for the health, safety and wellbeing of our people and customers

Responsible business

Governance: business ethics and compliance

Compliance: responsible and sustainable supply chain and ethical behaviour and standards

Data security: actively protecting the privacy of individuals and companies

Relevant Sustainable Development Goals¹



Our response

What this means

Act on climate change

Like many companies, we're responding by accelerating efforts to embed low carbon targets within our business model. Our strategy and investment decisions are also aligned with the UN Principles for Responsible Investment, whose signatories collectively report over \$80 trillion in assets under management.

Increase the strength of our communities

Charter Hall is committed to embedding a culture of openness, alongside a safe, equitable and inclusive environment for our employees, partners, customers and community.

Embed a high standard of ethics into our actions

Our refreshed purpose and values strengthen our high ethical standards and our sustained focus on our sustainable supply chain and ethical behaviour across our business for all stakeholders, including local communities, tenants, employees, securityholders and suppliers.

¹ The materiality assessment process reconfirmed our previous prioritisation of SDGs 13 and 8, and now includes SDG 16. These three goals align with the three material topics we have identified, and the targets outlined under each of these goals were considered when formulating the sustainability actions and targets shared in this report.



Environment



Environment

Act on climate change

The World Economic Forum's Global Risk Report of 2019 ranked extreme weather events and the failure of policies to address climate change as the top two high-probability, high-impact risks facing the world. This is backed by the findings of the United Nations (UN) Intergovernmental Panel on Climate Change (IPCC) in its 2019 report. There is consensus that keeping global warming to well below 2°C can be achieved by reducing greenhouse gas emissions from all sectors, and many companies like us are acting to drive this change.

As a signatory to the UN Global Compact we take a precautionary approach to addressing climate risks, and in alignment with the Sustainable Development Goal 13 – Climate Action, we're responding by strengthening the resilience and adaptive capacity of our assets to climate-related risks.

Charter Hall invests in high-performing, environmentally efficient assets, and developing those that have high-performing potential, reflecting our long-term investment in our properties. We continue to hold the largest Green Star footprint in Australia and seek improvements in our NABERS energy and water ratings for our portfolios.

As global momentum grows for strong action on climate change, we are increasing our climate resilience by:

- setting emission reduction targets
- making our assets more energy efficient
- increasing our investment in renewables on our industrial, office and retail assets
- partnering with our tenant customers to improve energy efficiency in our buildings
- assessing and mitigating against the physical risks of climate change and developing adaptation plans for our assets
- aligning with best practice frameworks, such as Green Star, NABERS and WELL to demonstrate our environmental credentials and to enhance our operational efficiency
- investigating disclosures in alignment with the Task Force for Climate-related Financial Disclosure (TCFD).



Alignment with SDG13:
Climate Action

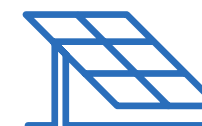
FY19 HIGHLIGHTS



Set a **target of 100% reduction** in Direct (Scope 1 and 2) emissions by 2030



Increased our **renewable energy** footprint in partnership with our tenant customers



Commenced **Stage 1 solar rollout** program for retail across 15 shopping centres



Completed investigation into alignment with the **Taskforce for Climate-related Financial Disclosures** (TCFD) Framework



Environment

Resilience

Issues	Achievements for FY19	FY20 Target	FY25 Target	FY30 Target
Addressing climate change risk Understanding and mitigating climate risks like sea-level rises and extreme weather events is essential to building resilient assets and portfolios, in turn protecting people and remaining competitive in a challenging environment.	<ul style="list-style-type: none"> – Climate change adaptation planning underway across office, retail and industrial. – Climate change risk analysis commenced for childcare portfolio. – Review of TCFD framework and gap analysis completed. 	<ul style="list-style-type: none"> – All office, retail and industrial assets have climate change adaptation plans. – Transitional and physical climate change scenario analysis undertaken with alignment to TCFD Framework. 	<ul style="list-style-type: none"> – Capital improvements in portfolio in line with Climate Change Adaptation plans. – Alignment to TCFD Framework. 	<ul style="list-style-type: none"> – 100% reduction in Direct (Scope 1 and 2) emissions by 2030, which equates to an intensity of 0kgCO₂/m². – Investigate opportunities to work with our tenant customers and contractors to reduce our indirect (Scope 3) emissions.
Managing environmental risk Environmental risks such as pollutants, waste management (including hazardous materials), indoor air quality, and tenant operations and activities can represent significant liability for property owners, and risks to the environment and people using our buildings. We work with our facility managers, developers and other suppliers to manage our environmental risks to internationally recognised standards.	<ul style="list-style-type: none"> – Draft Environmental Management Plans for office, retail and industrial sectors adopted. 	<ul style="list-style-type: none"> – Seek certification of environmental management plan to ISO 14001. 	<ul style="list-style-type: none"> – Maintain certified EMS to ISO 14001. 	



Environment

Energy and carbon

Issues	Achievements for FY19	FY20 Target	FY25 Target	FY30 Target
Reducing our emissions footprint In Australia, the built environment represents 23% of the country's emissions. As a manager of 844 assets nationally, we have a strong platform to contribute to emissions reductions.	<ul style="list-style-type: none"> – Emissions reduction targets developed for Scope 1 and Scope 2 emissions, from base buildings in Charter Hall direct operational control.¹ 	<ul style="list-style-type: none"> – Pathway to targets identified. 	<ul style="list-style-type: none"> – Investigate opportunities to work with our tenant customers and contractors to reduce our indirect (Scope 3) emissions.² 	<ul style="list-style-type: none"> – 100% reduction in emissions within Charter Hall direct control (Scope 1 and 2) by 2030, which equates to an intensity of 0kgCO₂/m².¹
Investing in renewable technologies Increasing cost of energy and more cost effective solar PV investments supports accelerating investment in renewable energy.	<ul style="list-style-type: none"> – Increased renewable energy footprint from 2.5MW, in 2018, to 5.2MW of solar PV across the portfolio, generating 7,598MWh of electricity per annum in green energy, or enough to power 507 homes. – Stage 1 solar rollout program for retail underway with the installation of 13 MW generation capacity across 15 shopping centres, producing 18 GWh of electricity per annum, equivalent to powering 1,200 homes. 	<ul style="list-style-type: none"> – Stage 2 of retail solar power purchase agreement implementation across applicable Charter Hall-managed shopping centres. – Renewable energy on all new large retail and industrial developments. 	<ul style="list-style-type: none"> – Investigate renewable energy target. 	<ul style="list-style-type: none"> – Investigate opportunities to work with our tenant customers and contractors to reduce emissions outside of our control (Scope 3 emissions).²
Improving efficiency of buildings Charter Hall's assets have always been high-performing and environmentally efficient. We use Green Star and NABERS ratings to seek continual improvement in the quality and performance of our assets.	<ul style="list-style-type: none"> – Maintained and expanded Australia's largest Green Star footprint, with the addition of 5 and 6 Star Green Star Design and As Built ratings achieved on office developments. – Achieved 4.77 Star NABERS Energy Weighted Average Rating for Office Assets, up from 4.66 Star NABERS Energy Weighted average in FY18. – Maintained 3.9 Star NABERS Energy Weighted Average Rating for retail assets. 	<ul style="list-style-type: none"> – 3 Star average Green Star Performance Rating across the Group. – Green Star ratings across all new developments, with 5 Star Green Star Design and As Built ratings sought on all new large office developments. – 4.75 Star NABERS Energy Weighted Average Rating for office assets. – Improvement on NABERS Energy Ratings for retail assets. – Smaller retail centres targeting 3% reduction in energy consumption, from FY19 baseline. 	<ul style="list-style-type: none"> – 4 Star average Green Star Performance rating across office assets. – 5 Star Green Star Design and As Built ratings sought on all new office developments. – 5 Star NABERS Energy Weighted Average Rating for office assets. – 4 Star NABERS Energy Weighted Average Rating for retail assets. 	

¹ Emissions from our base building that are in Charter Hall direct operational control, related to energy use and refrigerants include: Scope 1: Gas, diesel and refrigerants from our base buildings and operations, and Scope 2: Electricity purchased for our base buildings and operations in our control.

² Scope 3 emissions outside of Charter Hall direct control include emissions from our tenant customers and contractors in development construction.



Environment

Water

Issues	Achievements for FY19	FY20 Target	FY25 Target	FY30 Target
Conserving water resources				
Water scarcity is a feature of many Australian cities and regions, with growing urban populations and unpredictable rainfall exacerbating the problem. Competition for scarce water resources poses an increasing risk to the business sector, including Charter Hall.	<ul style="list-style-type: none"> – 3.8 Star NABERS water weighted average in office. – 3.2 Star NABERS water weighted average in retail. 	<ul style="list-style-type: none"> – 4.0 Star NABERS water weighted average in office. – 3.5 Star NABERS water weighted average in retail. 	<ul style="list-style-type: none"> – 4.5 Star NABERS water weighted average in office. – 4 Star NABERS water weighted average in retail. 	<ul style="list-style-type: none"> – 100% reduction in Direct (Scope 1 and 2) emissions by 2030, which equates to an intensity of 0kgCO₂/m².
Waste				
Reducing waste and increasing recycling				
With China and India restricting imports of Australia's co-mingled recycling, the focus on reducing waste and increasing diversion from landfill is laser sharp for businesses like ours. We work with our waste contractors to increase recycling and other diversions from landfill.	<ul style="list-style-type: none"> – 32% waste diversion in Office assets, a reduction of 3% since FY18, with integration of Better Buildings Partnership Waste reporting. – 24% waste diversion in retail assets (2% increase from FY18) with implementation of waste management plans. 	<ul style="list-style-type: none"> – 50% waste diversion in retail and office assets. 	<ul style="list-style-type: none"> – 70% waste diversion in retail and office assets. 	<ul style="list-style-type: none"> – Investigate opportunities to work with our tenant customers and contractors to reduce our indirect (Scope 3) emissions.

Retail solar

In FY19 our retail sector formed strategic partnerships to generate 18 GWh of solar energy across 15 of our assets per annum. This is the equivalent of powering 1,200 homes, helping us to manage energy costs while reducing our emissions.

The cost of energy is a significant one for both Charter Hall and our tenant customers. To address this challenge in a way that provides long-term positive sustainable outcomes, we embarked on a program in 2014 to make our buildings more energy efficient.

We have installed LED lighting across all common mall and carparks within our large retail assets and will continue the roll-out with our smaller assets. We are also creating guidelines to help tenant customers design and build sustainable fit-outs.

In FY18, we installed our first solar array at Singleton Square in NSW, and in FY19 completed an investigation into implementing a renewable energy solution across our entire retail portfolio. Recognising that solar is not a core capability, we sought out industry experts and formed active partnerships aimed at delivering a good outcome for both our centres and our customers.

The result is an innovative approach to solar, whereby we have negotiated a solar power purchasing agreement (PPA) with two partners – Clean Peak Energy and Solgen Energy Group (in conjunction with Macquarie Group). Under the PPA, our partners arrange for the design, regulatory approval, installation and ongoing operation and maintenance of solar energy systems on our centre rooftops.

These partnerships are enabling the rapid deployment of best-in-breed solar energy systems at 15 of our shopping centres, along with battery storage at an initial four sites. The initiative to date has reduced our retail portfolio energy emissions by 25% and has also helped secure stable energy pricing for around 40% of each sites' electricity demand over the next decade.

Tamworth Square was the first shopping centre to benefit from the solar roll-out. It is anticipated the remaining 14 installations will be completed by the end of calendar year 2019. Planning for Stage 2 of the rollout is underway for the balance of the retail portfolio, which we aim to complete by the end of FY20.

Taking a staged approach to our investment in renewables and energy storage has allowed us to take the technical lessons we have learned to effectively deliver on our broader sustainability program.

“The PPA has given us a high level of cost certainty in a volatile market. The learnings from the solar roll-out will also help our major tenant customers to expand their renewable energy programs across our portfolio.”

Nick Symons, Head of Portfolio Management, Retail



Tamworth Square, Tamworth NSW

Caroma's state-of-the-art facility

We are extremely proud of the first 5 Green Star Design and As Built v1.1 development in our industrial portfolio – a state-of-the-art logistics facility developed for Caroma, a subsidiary of ASX-listed GWA Group, a leading Australian supplier of building fixtures and fittings to households and commercial premises.

Charter Hall acquired the Caroma facility at Victoria Street, Wetherill Park, NSW, on a sale and leaseback in 2015. As part of a further procurement process led by Caroma, Charter Hall offered a solution to meet their future needs for a specialised warehouse. Caroma's motivation was to provide employees with an attractive environment, both in which to work and to showcase new products.

The new warehouse located at the M5/M7 Logistics Park in Prestons, New South Wales, includes a logistics centre, research and development lab, product development and quality assurance facilities for testing new products on site. With both our companies focused on sustainable outcomes in our products, the features of the developments include a 200kW solar system, which will generate 354 MWh per year, approximately 20–30% of Caroma's energy requirements, and electrical sub-metering that will provide information for building users to help identify and address high-use areas.

With Caroma being a leading provider of sustainable water solutions, water efficiency and conservation in the building and its fittings was a strong focus for the development. Water meters linked to the Building Management System are in place to help identify any leaks. The installation of Caroma's water efficient fittings and products and rainwater capture and reuse, further build on water efficiency features, while the on-site waste management system provides over ten streams to assist with waste diversion from landfill. "The 5 Green Star rating works both to showcase the site and to provide the extra performance benefits desired," says Matthew Cox, National Industrial Delivery Manager.

"Partnering with Charter Hall allowed us to deliver a sustainable solution that all of our teams can be proud of. We look forward to continuing our progressive, sustainable partnership into the future."

Anthony Mortimer, General Manager Supply Chain, GWA Group Limited

Positioned close to rail links and with bicycle racks and end-of-trip facilities, Caroma's new facility makes it easier for employees to commute more sustainably. Once at work, they will also be able to take advantage of spaces set up for flexible working through activity-based work environments.

The success of the logistics facility has encouraged us to pursue another development for Caroma at their 7,000sqm industrial site in Brisbane. We are also trialling the Caroma intelligent bathroom management system, Caroma Smart Command®, in our head office in Sydney. This mutually beneficial relationship serves as proof of the value we can deliver from our partnership approach with tenant customers.



(GWA) Caroma, M5/M7 Logistics Park, Preston NSW



Social

Social

Increase the strength of communities

Government, the private sector and civil society are working to address gaps in workforce participation, particularly for under-represented groups.

United Nations Sustainable Development Goal 8 – Decent Work and Economic Growth is focused on promoting inclusive and sustainable economic growth, full and productive employment and decent work for all. Charter Hall, through our people, operations and investments is focused on contributing to:

- sustainable per capita economic growth
- technological innovation
- the creation of equal employment opportunities in our operations, assets and developments.
- full and productive employment and decent work for all.

Charter Hall continues to foster a diverse, inclusive and agile workforce, which enables us to attract and retain the best talent and encourages the innovative thinking we need to maintain our success, and in turn, the success of our employees, customers and investors.

Our focus on the wellbeing of our employees, was recognised through our employee engagement score, which in FY19 climbed 4% to 87%, placing us in the high-performing category. We also received favourable scores from our culture survey, exceeding the industry norm, both nationally and globally, on all aspects considered.

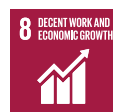
We generate value for our economy through our business success and our Pledge 1% contribution through our people's time, space in our places and partnerships that bring inclusion through meaningful employment. Our Pledge 1% extended into our developments, where we facilitated training and employment pathways for people from disadvantaged backgrounds. We also brought community programs and activities into our buildings for our tenants, creating spaces that excite and inspire, and developed apps to help employees and tenants better connect with their surroundings and immediate community.

We continued to support ongoing partnerships and scholarships with the University of Technology Sydney and the University of Western

Sydney to grow the talent pool for our industry, in addition to the Cedric Fuchs Scholarship, which encourages the generation of new ideas within our business.

We undertook a health audit, which revealed strong performance on physical wellbeing, and lead us to a new priority area of mental and social wellbeing. Our focus on wellbeing in FY19 resulted in a partnership with the Black Dog Institute.

In addition, we boosted our footprint in WELL-rated buildings and offices, through our participation in the WELL Portfolio pilot. Globally, WELL is the leading tool for advancing health and wellbeing within buildings. Our involvement in the WELL Portfolio pilot provides a streamlined pathway for certification across multiple new and existing buildings and spaces within a single portfolio.



Alignment with SDG8:
Decent Work and Economic Growth

FY19 HIGHLIGHTS



Over
\$1.8m

or 37,997 square metres in space utilised by **community** organisations and for **health and wellbeing** activities



Invested
\$775,000

in **community** programs and services



87%

employee engagement



67%

of our employees engaged in 378 employee volunteer days



Community

Issues	Achievements for FY19	FY20 Target	FY25 Target
Building better communities <p>We identified that many of the social issues in our communities (such as homelessness, domestic violence and social exclusion) could be proactively addressed through inclusion and meaningful employment. Through our Pledge 1% and our partnerships we seek to build the capacity for and participation in meaningful employment.</p>	<p>Pledge 1% achievements:</p> <ul style="list-style-type: none"> – People: 378 employee volunteer days. – Places: Over \$1.8 million or 37,997sqm in space utilised by community organisations and for health and wellbeing activities. – Partnerships: <ul style="list-style-type: none"> – Invested \$775,000 in community programs and services. – \$196,000 raised for Rural Aid by our retail centres and customers to support drought affected communities. 	<ul style="list-style-type: none"> – Continue Pledge 1% of Our People, Our Places, Our Partnerships. 	<ul style="list-style-type: none"> – Continue Pledge 1% of Our People, Our Places, Our Partnerships.
Generating more employment opportunities <p>The property industry is one of Australia's biggest employers and a key driver of national prosperity and economic wellbeing. We are ensuring our people grow with us by providing skills development and on-the-job training and experience.</p>	<p>Office development employment strategy continued, with 81% employment outcomes for trainees. Partnered with social enterprises such as The Pure Collective, Kick Start Café and Two Good for training and employment programs.</p>	<ul style="list-style-type: none"> – Employment strategy for all developments. – National partnerships that build inclusion through employment within our local communities. 	<ul style="list-style-type: none"> – Employment projects in all new developments. – Create a national network of innovation enterprises.



Employees

Issues	Achievements for FY19	FY20 Target	FY25 Target
<p>Creating a place where people belong</p> <p>Fostering a diverse, inclusive and agile workforce has always been a priority for Charter Hall. It helps us attract and retain the best talent and encourages innovative thinking within our workplace.</p>	<ul style="list-style-type: none"> – Launched Charter Hall Proud and employee awareness program in partnership with Pride in Diversity and reviewed our policies and gaps to better support LGBTI employees. – Participated in the Australian Workplace Equality Index (AWEI). – Female non-executive director participation on Charter Hall Board was 33.3%, in senior executive positions 33.3% and across the workplace 54.6%. – Conducted an independent in-depth review of gender across the employee lifecycle to inform ongoing activities targeting key talent and individual roles. – Undertook a People and Culture program across the Group focused on psychological safety and speaking up. – Partnered on programs to grow our talent pool of young people including: <ul style="list-style-type: none"> – The Property Council's Girls in Property program and Grow the Talent Pool initiative – Hatch to access talent early in their lifecycle – University of Western Sydney and the University of Technology Sydney scholarships – Foundation for Young Australians Innovation Nation and Young Social Pioneers programs. 	<ul style="list-style-type: none"> – Continue to measure our inclusion through the AWEI survey. – Build our diversity through a focus on ability and First Nations. – Targets for female participation on Charter Hall Board $\geq 33.3\%$, in senior executive positions $\geq 33.3\%$ and across the workplace 50%. 	<ul style="list-style-type: none"> – Continue to measure diversity and inclusion through our Culture and AWEI Surveys. – Targets for female participation on Charter Hall Board $\geq 40\%$, in senior executive positions $\geq 40\%$ and across the workplace 50%.

Social

Employees

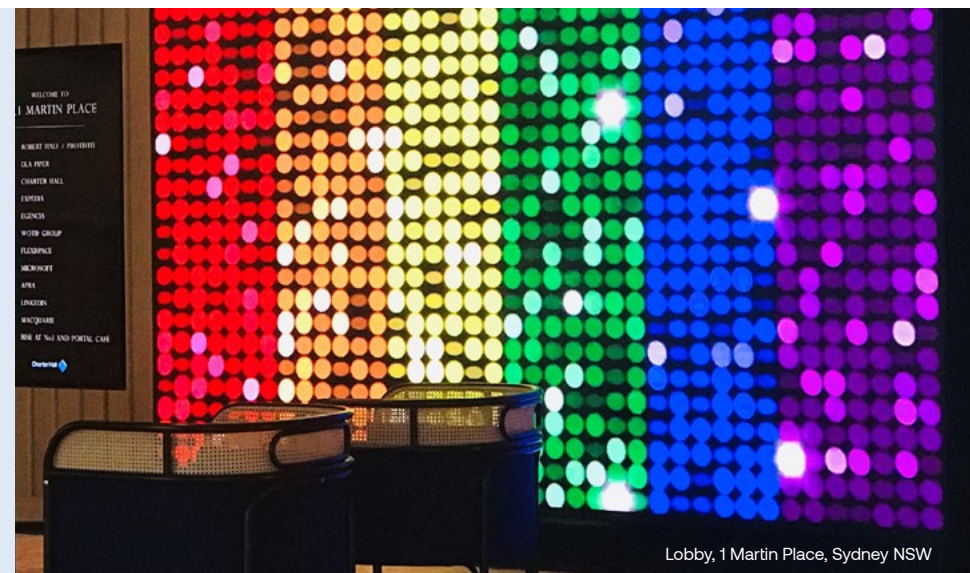
Issues	Achievements for FY19	FY20 Target	FY25 Target
Creating great employee experiences			
A growing body of research, including from Temkin Group and Gartner, shows that an engaged workforce may be the key to better customer experience.	<ul style="list-style-type: none"> – 87% employee engagement. – 83% of employees believe they have opportunity for personal development and growth, which is two points above the high performing organisations level. 	<ul style="list-style-type: none"> – Maintain engagement and learning and development scores at the high performing organisation levels. – Shape the way we acquire and develop talent to align with the future of work. 	<ul style="list-style-type: none"> – Continue to sustain high performing engagement and learning and development scores.

Charter Hall Proud

On 'Wear It Purple' day in FY19, a team of inspired employees launched an initiative to raise the visibility, profile and support of LGBTIQ within the business. The initiative – Charter Hall Proud – deepens our commitment to diversity and inclusion within the workplace.

Charter Hall Proud aims to give employees the confidence and support they need to bring their whole and best selves to work. It is steered by a committee and has an executive sponsor in our Chief Financial Officer. The committee uses the Australian Workplace Equality Index (AWEI) as a national benchmark on LGBTIQ workplace inclusion and to identify areas for further improvement (Charter Hall also measures itself against the Workplace Gender Equality Agency (WGEA) Index).

Recommended changes include referencing same-sex couples in policies for parental leave and providing resources and support for employees struggling with their identity.



Lobby, 1 Martin Place, Sydney NSW



Customers

Issues	Achievements for FY19	FY20 Target	FY25 Target
Creating engaging customer experiences			
In line with research like that of McKinsey, reflecting how an organization delivers for customers is as important as what it delivers, we are investing in innovative ways to connect with our customers and to add value to their experience in our spaces.	<ul style="list-style-type: none"> – Tenant customer surveys undertaken across office, retail and industrial sectors. Results showed continued high levels of customer satisfaction. – Developed and piloted Charli app for our office portfolio to help connect people with place and wellbeing activities. – Built engaging experiences into office lobbies and community spaces across portfolio. 	<ul style="list-style-type: none"> – Customer place experience measures implemented across the portfolio. – Stakeholder engagement plans prepared for 100% of developments. 	<ul style="list-style-type: none"> – Ongoing place experience ratings across our portfolio. – 100% of developments and assets have stakeholder engagement plans.

Wellbeing

Creating better workplaces			
The Black Dog Institute notes that work environments where wellbeing is prioritised produce happier and more productive employees. Through our WELL rated buildings and partnerships, we provide access to healthy, productive built environments.	<ul style="list-style-type: none"> – Four WELL Core and Shell registrations, including Charter Hall Brisbane tenancy. – WELL Portfolio rating underway for Charter Hall Office Trust portfolio. – NABERS Indoor Environmental Quality (IEQ) ratings undertaken across office assets. IEQ monitors trialled in Charter Hall tenancies. – Mental health partnership with Black Dog Institute established to build employee resilience. 	<ul style="list-style-type: none"> – WELL building accreditation sought for all large Charter Hall tenancies and in new office developments. – Develop NABERS IEQ targets for Charter Hall office buildings. – Explore use of new technologies across the portfolio. – Enhance employee wellbeing, with a focus on social and mental health. – Implement Wellbeing strategy for our people. 	<ul style="list-style-type: none"> – WELL building accreditation sought for all large Charter Hall tenancies and in new office developments. – Enhanced employee and customer satisfaction experience in our assets. – Wellbeing programs and activities available to all employees.

Social

Wellbeing

Issues	Achievements for FY19	FY20 Target	FY25 Target
Caring for our health and safety			
Looking after the health and safety of our people, contractors, customers and tenants, as well as the wider public that use our spaces, is an imperative. Charter Hall is taking active measures to continually improve the health and safety of our work environment.	– Commenced Workplace Health and Safety review.	– Workplace Health and Safety framework updated.	– Workplace Health and Safety framework embedded in the business.

Health and safety

Charter Hall's employees primarily work in an office environment and we take active measures to continually improve the health and safety of our workplaces. Health and safety is addressed in the Charter Hall Group's risk management framework, which is the responsibility of management, the Audit Risk and Compliance Committee and Charter Hall Board. From a governance perspective, our Group Health and Safety Manager reports to the Head of Enterprise Risk and Compliance, who reports to the Chief Financial Officer.

Health and safety is reflected in our governance policies and our employee code of conduct and was part of compliance training undertaken by all employees during FY19. During FY19, we also commenced a review of our management systems and processes, which will result in a roadmap identifying any areas for improvement.

More pronounced health and safety risks tend to relate to the construction and operation of our assets, rather than our office environments. We take steps to clarify and address these broader responsibilities through governance and performance management, in partnership with our principal contractors.



Technologies for building communities

At Charter Hall, we craft workplaces that are responsive to the needs of our tenants. Technology is an increasing feature of our approach. We use two apps – Charli and Comfy – to build community and promote wellbeing.

Our Charli app was the first of its kind to market in Australia. It allows our customers to activate spaces and host engaging events. Created in collaboration with CBRE and with input from our tenants, it was launched in November 2018 in our offices at 1 Martin Place, Sydney and 570 Bourke Street, Melbourne.

Since its launch, Charli has been used to host a range of TED-style talk events, with a focus on wellbeing. Speakers have included Australian surf world champion Layne Beachley and NRL CEO Todd Greenberg. It has also been used for tenant engagement in trivia and wine nights and a knock-out table tennis tournament between tenants, coinciding with the 2019 Australian Open.

The app has also been used successfully as an organising platform for wellbeing activities, such as yoga – the most popular event for registrations to date, and as a sustainability communications platform. In FY20 Charli will kick off monthly sustainability initiatives and programs, which commenced with plastic-free July.

In November 2018, the Charli app won a Game Changer of the Year award in REA Group's annual AREA Awards, for Commercial Real Estate.

Comfy is another app we use to improve wellbeing within our assets. Comfy allows individuals to personalise the temperature of their work zone. In 2017 we oversaw the first Australian deployment of Comfy in our 1 Martin Place, Sydney office to test and learn, and then rolled it out to four buildings in 2018 and continued expansion to 26 assets by the end of 2019.

In aggregate, Comfy receives 500 requests per week for temperature adjustments, bringing the total to 40,000 personalised requests since it was deployed. The data provides insights for us to draw on in tailoring our spaces and helps improve the experience of our employees and our tenant customers alike.

“Technology helps us provide workplaces that respond to people, provide great customer experiences and deliver positive environmental outcomes.”

Craig Rodgers, Innovation Lead - Office

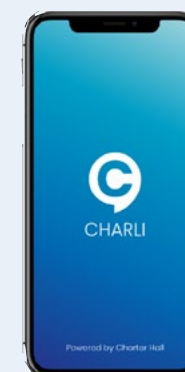
Overall we have had positive feedback from our employee and tenant customers on their experience with Comfy and seen cumulative energy savings of 14% across the four buildings, equating to 250 tonnes of CO₂e.

Comfy use is currently expanding to one other asset and we are looking at additional opportunities.

Through our Charli and Comfy apps, we're making new connections possible and – in a very literal sense – putting wellbeing into our tenants' hands. Both initiatives are part of our evolving journey with technology, which has both our tenants and us engaged by the results.



Mezzanine, 1 Martin Place, Sydney NSW



Local employment projects

Two recent office developments provided an opportunity to offer meaningful employment and a sense of social inclusion to local people from disadvantaged groups, while also helping to address skills shortages in the construction industry.

We are committed to increasing the strength of local communities. In our capacity as a commercial property owner and developer, that means getting to know the local community, and engaging various stakeholders to uncover how we can add value in our communities.

Our partnership in 2017 with Uniting Church – at Wesley Place, 130 Lonsdale Street, Melbourne, was the first initiative where we combined a new development with a focus on local job creation.

In FY18/FY19, this initiative expanded into our GPO Exchange, Adelaide, development. The success of the project is directly attributed to partnerships with our contractors Lendlease and Built, and registered training providers Wesley Employment Services, MEGT and Workskill Australia.

The projects aim to maximise our social impact by providing entry opportunities for unemployed people, including by offering pre-employment training in a Certificate of Construction, alongside site and contractor engagement.

Our contractors assist with the training requirements to ensure they meet safety and site criteria as well as the skills needed for safe construction on site. Participants in the projects to-date include women, indigenous Australians, refugees, long-term unemployed and the homeless.

Of the 23 people who completed pre-employment training for Wesley Place, 81% of participants in the program have continued working, with over half in construction, while one participant commenced a university degree. For the GPO Exchange project, seven people completed the training and six were later determined to be sustainably employed.

“These programs are about providing a direct and positive impact in the community and working with our contractors and subcontractors to produce a genuine outcome.”

George Roussos, Senior Development Manager

Both Lendlease and Built employed a trainee from the program. Heritage Stone Restoration (HSR), a subcontractor at Wesley Place and the GPO Exchange, engaged trainees from both the Melbourne and Adelaide projects.

One of these trainees was refugee Minh Huynh. After being born in a refugee camp in Cambodia, Minh and his family risked their lives multiple times in search of a better life. Some three decades later, Minh was again seeking a change for the better. With the support of Wesley Employment Services, he was placed on a Charter Hall local employment project for Wesley Place. Through the project, he received his Certificate I in Construction, gained valuable job experience, and secured an apprenticeship with HSR.

While the program is still in its infancy, the potential impact on participants such as Minh can be profound. For many experiencing disadvantage, a stable job is the start of a brighter future. As we continue to deliver world-class developments across the country, these projects are one way we can meaningfully contribute to the strength of local communities and to people's lives.



Wesley Place, 130 Lonsdale Street, Melbourne VIC



Governance

Governance

Embed a high standard of ethics into our actions

There is a growing demand for strong governance and increased transparency.

Charter Hall's approach aligns with the United Nations Sustainable Development Goal (SDG) 16: Peace, justice and strong institutions. This SDG seeks to address peace, stability, human rights and effective governance. To support this goal we are focused on:

- promoting the rule of law at the national and international levels and ensuring equal access to justice for all
- being an effective, accountable and transparent institution
- promoting and enforcing non-discriminatory laws and policies for sustainable development
- ensuring public access to information and protecting fundamental freedoms, in accordance with national legislation and international agreements.

The 2019 Australian Financial Services Royal Commission, highlighted the need for all companies to take proper steps to assess their culture and

governance measures; to identify and deal with any problems and determine whether the changes made have been effective.

This year we undertook a culture survey and refreshed our purpose and values to help clarify and explain how we create long-term value for all stakeholders, including local communities, tenants, employees, shareholders and suppliers. We have reviewed our governance frameworks, including our supplier and employee codes of conduct, in line with our new values. Our employees are also provided with regular training in ethical behaviours and standards.

In March 2019, Charter Hall became a signatory to the UN Global Compact, supporting the ten principles on human rights, labour, environment and anti-corruption. Our commitment extends these principles into the strategy, culture and day-to-day operations of our company and we are mindful that mutually beneficial partnerships are at the heart of our approach to investment. This report forms our inaugural report on progress.

Our commitment to human rights is reflected in the management of our operations in line with the UN Principles for Responsible Investment (PRI), UN Guiding Principles, international legislation and the Australian Modern Slavery Act (2018), which reflects our corporate values, business needs and the expectations of our customers and key stakeholders. Charter Hall is committed to maintaining ethical, environmental, and social standards and to continuously improving their application throughout our operations, practices and our supply chain. We are key contributors in a range of Australian property industry initiatives in addressing modern slavery.

Our alignment with national and international governance frameworks has also involved a review of the Taskforce on Climate-Related Financial Disclosures (TCFD) framework, with a view to alignment with its recommendations in the future.



Alignment with SDG16: Peace, justice and strong institutions

FY19 HIGHLIGHTS



Became a signatory to the **UN Global Compact**



Developed a **human rights** framework



Contributed to the Property Council of Australia's efforts to tackle **modern slavery**



Investigated alignment with the **Taskforce for Climate-related Financial Disclosures** (TCFD) Framework



Governance

Governance

Issues	Achievements for FY19	FY20 Target	FY25 Target
Strengthening business ethics and compliance <p>According to the Society for Human Resource Management, the stock price of the 100 most ethical US firms outperformed their peers by 300% from 1998 to 2011. Embedding a high standard of ethics and compliance into our actions is an opportunity to build an even stronger and more prosperous business.</p>	<ul style="list-style-type: none"> – Developed and launched new purpose and values. – Aligned corporate strategy and governance policies to new purpose and values. – Risk Culture Index of 81%. 	<ul style="list-style-type: none"> – Monitor and maintain high ethical standards and establish benchmarks for improvement. – Build on our Risk Culture Index of 81%. 	<ul style="list-style-type: none"> – Monitor and maintain high ethical standards and align with benchmarks for improvement. – Build on our Risk Culture Index.
Engaging a responsible supply chain <p>Supply chains represent 50% to 70% of the sustainability footprint of most major global companies (Ecovadis). Implementing strict supplier and employee codes of conduct helps us manage the ESG impacts that extend beyond our direct operational control.</p> <p>Our supply chain is diverse, supporting both the operational management and development functions of our business.</p> <p>Significant suppliers for Charter Hall include suppliers of services required to operate our building portfolio such as cleaning, security and facilities management.</p> <p>Our development supply chain consists of construction companies we contract to build new developments, and suppliers of materials used in our new builds.</p>	<ul style="list-style-type: none"> – Became a Signatory to the UN Global Compact. – Human rights and modern slavery framework resulted in: <ul style="list-style-type: none"> – Supplier risk assessment – Development of Supplier Code of Conduct – Implementation plan developed to address Australian Modern Slavery laws. – Participated in Property Council of Australia Sustainability Roundtable development of a supplier pre-qualification platform. – Participated in the Cleaning Accountability Framework pilot building certification scheme. 	<ul style="list-style-type: none"> – Human rights framework implemented across Charter Hall assets, developments and operations. – Engagement with our supply chain on Australian Modern Slavery risks and legislative requirements. – Publish annual UN Global Compact and Modern Slavery Statement. 	<ul style="list-style-type: none"> – Integrate sustainable and equitable supply chain management into assets and developments.



Governance

Compliance

Issues	Achievements for FY19	FY20 Target	FY25 Target
Training all employees in ethical behaviour and standards <p>The Ethics Research Centre highlights that effective ethics and compliance programs can help safeguard a company's integrity and improve key measures of workplace behavior. We are committed to conducting our business activities in line with the highest ethical standards, as well as complying with all relevant regulations.</p>	<ul style="list-style-type: none"> – 100% of employees participated in Risk and Compliance training, including integrity and compliance. – Simplification of compliance processes and increased accountability through self-certification and compliance verification. – Updated our purpose and values and new Code of Conduct to define what we expect of our people. 	<ul style="list-style-type: none"> – Automation of routine compliance monitoring. – Governance policy rationalisation. – Compliance control reviews completed and aligned to business strategy. – Revised compliance program implemented across all Charter Hall operations. – Refresh of compliance training and 100% employee engagement in compliance training. 	<ul style="list-style-type: none"> – Integrated, comprehensive and flexible approach to maximising compliance. – 100% employee engagement in compliance training.
Protecting the privacy of individuals and companies <p>Data security and privacy is a growing concern for individuals, organisations and governments, and a major risk across the financial and property industries. We recognise the issue as a priority within Charter Hall.</p>	<ul style="list-style-type: none"> – Continued employee training and engagement on privacy, data security and governance. – Ongoing management of our information security practices in alignment with the ISO 27001 framework and regulatory requirements. 	<ul style="list-style-type: none"> – Continue understanding of the changing regulatory and threat landscape and evolving our information security practices accordingly. 	<ul style="list-style-type: none"> – Continued monitoring and alignment.

Values that we are proud to own

This year we reframed our purpose and values to more accurately express our aspirations and ambitions.

Our business has changed significantly over the last eight years. With \$30 billion of property under management and 546 employees, we now have a clear and inspiring story to tell. We are also operating in an external environment that has changed significantly.

To help reframe our thinking, we partnered with our external brand agency to undertake a comprehensive research process.

The findings reinforced that our financial goals were clear, our property investments were well recognised, and we had established excellent partnerships across the business. But they also highlighted our task-oriented nature. We needed to articulate a bigger purpose and reflect attributes such as our tempo and drive, how genuine and authentic we are and the way we listen and always go further.

Our newly created values now focus on four areas that define us:

Active partnership celebrates the broader thinking that we invest in the win:win nature of our mutually successful relationships. It also

reflects our role as guardians of people's capital, and therefore, their futures.

Genuine insight captures not just the skills we have but the ways in which we actively use our experience, knowledge, honesty and understanding to build insights that are trusted by those we do business with.

Inventive spirit refers to the innovative way we connect people, capital and opportunities. It is a reminder that we must continue to use what we know to rethink what we can do with others. Recent examples of this include the funds we've created with Bunnings, Telstra and Coles.

Finally, **powered by drive** expresses our willingness to go further, our authenticity, ability to listen and deliver on promises. These are characteristics that we are proud of and that are often commented on in the feedback we receive.

Our executive team also examined how we could make our purpose more explicit. Front and centre for us is our role as guardians of other people's capital over the long term. That's why our purpose, developed with input from investors, tenants and employees, is about achieving better futures and mutual success through bringing aspirations to life.

“Our values ensure we remain strong as we grow and are our constant in this time of technological, environmental and societal change.”

David Clarke, Chair



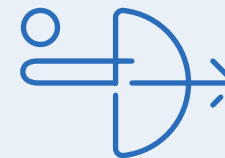
Active Partnership
We believe if everyone benefits, we benefit



Genuine Insight
We use expertise to unlock resilient growth



Inventive Spirit
We create with purpose and discipline



Powered by Drive
We put our passion into action

Modern slavery

This year we developed a human rights framework to uncover and eliminate potential modern slavery risks within our operations and supply chains. We were also a key contributor to the Property Council of Australia's efforts to implement industry-wide collaboration on addressing modern slavery risks – an approach that other sectors have looked to emulate.

Embedding a high standard of ethics into our actions and decision-making is a strategic priority for the Group. Within this context, our Board and senior management are focused on our responsibilities in relation to modern slavery.

When the Australian Modern Slavery Act came into effect on 1 January 2019, we were already 12 months into our modern slavery journey.

Our human rights framework forms the basis of our response. It aligns with the *Modern Slavery Act 2018*, which requires companies with consolidated revenue of at least \$100 million over their reporting period

to report on efforts to address modern slavery within their operations and supply chains. The framework includes a human rights policy, a supplier code of conduct and a modern slavery working group.

The working group is focused on the three key areas of procurement, governance and education, and comprises representatives from risk and compliance, procurement, operations, people and sustainability teams across each of our three sectors.

Charter Hall has also been an early adopter of the Cleaning Accountability Framework (CAF), designed by Australian Super. One of our general managers sits on its Advisory Committee.

CAF uses an asset-level approach to assess remuneration and working conditions across the cleaning supply chain – one of the property sector's highest-risk segments. Among our assets, 55 King Street first piloted this framework and has just completed its three-year renewal. 333 George Street is also participating in the program.

Initial results have validated our approach to this important issue by showing our contractors were following most steps required by the framework. An additional two Charter Hall assets in Victoria are now seeking certification.

“Our involvement with the Property Council's Modern Slavery initiative has created an approach and resources to really make a difference in addressing modern slavery. It's a great example of an industry-wide collaboration.”

Margot Black, Head of Sustainability and Community



Charter Hall offices, 1 Martin Place, Sydney NSW

Despite these efforts, we recognise that the broader issue of modern slavery is too big to address single-handedly. That's why we were determined to play a central role in the Property Council of Australia's collaborative platform to address the issue in our industry.

The platform includes a prequalification process for suppliers, with fifteen property companies currently trialling the initiative. It will also include educational programs to help

suppliers better manage their business risks in relation to modern slavery.

Two Charter Hall representatives have taken up co-chair positions on the Property Council Sustainability Roundtable in 2019. Their efforts reflect our absolute commitment to help eliminate modern slavery, and our continuing determination to secure collaborative, industry-wide outcomes that benefit all Australians.



TCFD

TCFD

Climate-related events, such as droughts and heatwaves, are increasing in scope and severity. In response, organisations around the world, including Charter Hall, are accelerating efforts to address the challenges of climate change in their long-term business planning.



275 George Street,
Brisbane QLD

Since 2016, we have been focussed on better future-proofing our portfolio against the risks associated with climate change. We are currently taking a phased approach to identifying and managing broader climate-related risks and opportunities, guided by the disclosure recommendations outlined in the Taskforce on Climate-Related Financial Disclosures (TCFD) final recommendations report.

We understand the objective of the TCFD is to develop voluntary, consistent climate-related financial disclosures for investors, lenders, and insurance underwriters to better understand the material risks of their investments.

We have undertaken a review of the TCFD framework and gap analysis and will prepare considerations for alignment with the TCFD's recommendations in FY20. The following outlines our current approach to climate governance, risks and opportunities, and the metrics we use to measure these risks and opportunities.

Climate governance

Board oversight

The Board and Board Committees, including the Audit Risk and Compliance Committee (ARCC) have responsibility for overseeing Charter Hall's risk management framework. Climate-related risks and opportunities, together with other environmental, social and governance issues, have become an increasingly important focus, with the ARCC receiving regular updates from management on sustainability issues and initiatives, and regularly reviewing Group sustainability strategy, policies and sustainability reports.

The ARCC meets at least four times a year and reviews the Group's top strategic and operational risks at least once a year to consider key controls and mitigants.

The Board has adopted a Group Sustainability Policy that forms the foundation of the Group commitment to sustainable business practices, including climate change, by "assessing and incorporating the effect of climate change risk, adaptation and resilience into our investment and business decisions".

TCFD

Our managed funds have their own governance structures to determine decision-making on assets and investments within their portfolios, and all funds align with the Group Sustainability Policy. Day-to-day operational management of the fund investments is delegated to the Charter Hall Group. As a result, all management is undertaken in accordance with Charter Hall Group policies, codes of conduct and charters. Charter Hall management engage the fund boards and committees on strategic and investment decisions seeking fund endorsement of our ongoing approach to climate resilience.

Management's role

The Charter Hall Executive Committee is responsible for delivering on the commitments defined in our Group Sustainability Policy, including in relation to climate change. They are assisted by our fund, asset, operations and development teams, who are charged with embedding these commitments into our day-to-day operations.

Management is responsible for integrating our climate risk assessment and mitigation approach across all business sectors, with each sector tailoring its sustainability strategy to integrate the Group-wide targets relevant to their operations. The Charter Hall investment team is responsible for incorporating climate risk analysis in our due diligence processes.

Climate risks and opportunities

While we recognise that much work remains to be done, we have commenced the process of identifying climate-related risks and opportunities, starting with a Group-wide analysis of the physical risks associated with climate change in 2016 and continuing to mitigate against these risks through the ongoing development of climate change adaptation plans.

The following opportunities and risks have also been identified in the Charter Hall Sustainability Strategy:

Opportunities

- Setting our direct emissions reduction target of 100% reduction in Direct (Scope 1 and 2) emissions by 2030, which equates to an intensity of $0\text{kgCO}_2/\text{m}^2$, by 2030, and investigating opportunities to work with our tenant customers and contractors to reduce our indirect (Scope 3) emissions.
- Increasing investment in renewable energy opportunities, in our portfolio, in partnership with our tenant customers.
- Making buildings more energy efficient with short, medium and long-term targets for Green Building and NABERS outcomes.
- Improving our environmental performance within our operations and developments through effective management, in partnership with our tenant customers and contractors and through the utilisation of new technologies.

Risks

- Climate change and increasing extreme weather events have the potential to damage our properties, disrupt operations and impact the safety and wellbeing of our employees, customers and visitors.
- The carbon, energy, water and waste associated with our large property portfolio may negatively impact the environment. Managing these impacts and improving operational efficiency will have environmental, financial and social benefits. Improvements will also help Australia meet its commitment to climate action under the Paris Agreement.
- Energy security and pricing pose a challenge due to increasing costs and power cuts during peak events, which create issues for our customers and our assets.

As we investigate aligning our business, strategy and financial planning with the TCFD framework, we will undertake future scenario analyses to better understand the physical and transitional opportunities, risks and impacts relevant to our business.

We will also seek to formalise a process to confirm our reporting and mitigation plans remain reflective of Charter Hall's changing portfolio and up-to-date physical climate models.

Climate metrics

We take an evidence-based approach to disclosing climate-related metrics, including to measure progress and hold ourselves accountable to stakeholders:

- Our risk assessment process methodology aligns with the AS5334-2013 standard for climate change adaptation for settlements and infrastructure
- We have set a target of 100% reduction in Direct (Scope 1 and 2) emissions by 2030, which equates to an intensity of $0\text{kgCO}_2/\text{m}^2$, by 2030, and investigate opportunities to work with our tenant customers and contractors to reduce our indirect (Scope 3) emissions
- We report to the CDP and we further disclose Scope 1, Scope 2 and part of Scope 3 greenhouse gas emissions annually in our sustainability report
- We also disclose Scope 1 and Scope 2 greenhouse gas emissions annually in accordance with the Australian National Greenhouse and Energy Reporting Scheme (NGERS)
- We align short, medium and long-term targets with third party accreditation frameworks including Green Star and NABERS.

We will continue to monitor and refine our progress against climate-related targets as our climate strategy develops.



Performance data

Charter Hall office, 1 Martin Place, Sydney NSW



Environment

Asset ratings and certifications

NABERS Office Energy Ratings

Property	Fund	FY17	FY18	FY19
NSW				
1 Martin Place, Sydney	CHOT	3.5	4.5	4.5
1 Shelley Street, Sydney ¹	CPOF	5	4.5	4.5
10 Shelley Street, Sydney	CPOF/DOF			5
12 Shelley Street, Sydney	CPOF/PFA			5
167 Macquarie Street, Sydney	CPOF	3	4	4.5
2 Market Street, Sydney (tower)	CHOT	5	5	5
2 Market Street, Sydney (forecourt)	CHOT	4.5	5	5
2 Park Street, Sydney	CHOT	5	5	5
231 Elizabeth Street, Sydney	CPOF		5	5.5
333 George Street, Sydney	CPOF			5
65 Berry Street, North Sydney	CHOT	4	5	5
68 Pitt Street, Sydney	DOF	3	3.5	3.5
9-11 Wentworth Place, Parramatta	PFA	5	5	5
9 Castlereagh Street, Sydney	CPOF	4.5	4.5	4.5
NSW State Average		4.50	4.69	4.82

¹ The FY18 NABERS energy rating at 1 Shelley Street has been retrospectively updated from 5 stars to 4.5 stars.



Environment

Asset ratings and certifications continued

NABERS Office Energy Ratings continued

Property	Fund	FY17	FY18	FY19
VIC				
1 Nicholson Street, Melbourne	DOF	4	4	4
11-33 Exhibition Street, Melbourne	CPOF	4.5	4.5	4.5
150 Lonsdale Street, Melbourne	CHOT	4.5	4.5	5
200 Queen Street, Melbourne	DOF	4.5	4.5	4.5
300 La Trobe Street, Melbourne	CHOT	5	5	5
570 Bourke Street, Melbourne	CPOF		5	5
737 Bourke Street, Melbourne	PFA			4.5
55 King Street, Melbourne	CPOF	4	4.5	4.5
171 Collins Street, Melbourne	CHOT	6	6	5.5
990 Latrobe Street, Melbourne	CPOF		5.5	5.5
VIC State Average		4.69	4.67	4.84
QLD				
175 Eagle Street, Brisbane	CHOT	4	4.5	4
200 Adelaide Street, Brisbane	PFA	3.5	2	2.5
266 George Street, Brisbane	CPOF/BSWF	4	4	4
275 George Street, Brisbane	CPOF	5	5	5
32 Turbot Street, Brisbane	CCT		5.5	5.5
69 Ann Street, Brisbane	CPOF/DOF	4	4	4
85 George Street, Brisbane	CLW/PFA	3.5	2.5	–
56 Edmondstone Road, Bowen Hills	CLW	4	4	4.5
61 Mary Street, Brisbane	DOF			5
QLD State Average		4.36	4.50	4.59



Environment

Asset ratings and certifications continued

NABERS Office Energy Ratings continued

Property	Fund	FY17	FY18	FY19
WA				
181 St. Georges Terrace, Perth	DOF	2.5	3.5	4
225 St. Georges Terrace, Perth	CPOF	3.5	4	4
233 Adelaide Terrace, Perth	CHOT	4	4	3.5
303 Sevenoaks Street, Cannington	PFA	4.5	5	5
300 Murray Street, Perth	CPOF/BSWF	5	5	5
Optima A, 16 Parkland Road, Osborne Park	PFA/CLW			4
Optima B, 133 Hasler Road, Osborne Park	PFA/CLW			5.5
WA State Average		4.44	4.75	4.71
SA				
12-26 Franklin Street, Adelaide	DOF/CLW	5.5	5.5	5.5
121 King William Street, Adelaide	PFA			5
SA State Average		5.50	5.50	5.39
TAS				
134 Macquarie Street, Hobart	PFA	3	3	3
TAS State Average		3.00	3.00	3.00
ACT				
44 Sydney Avenue, Forrest	PFA		4.5	4.5
ACT Territory Average			4.50	4.50
National Average (Weighted by NLA)		4.51	4.65	4.77



Environment

Asset ratings and certifications continued

NABERS Office Water Ratings

Property	Fund	FY17	FY18	FY19
NSW				
1 Martin Place, Sydney	CHOT	2.5	3.5	3.5
1 Shelley Street, Sydney	CPOF	4.5	4.5	4.5
10 Shelley Street, Sydney	CPOF/DOF			4.0
12 Shelley Street, Sydney	CPOF/PFA			4.0
167 Macquarie Street, Sydney	CPOF	1	2	1.5
2 Market Street, Sydney (tower)	CHOT	3	3	3.5
2 Market Street, Sydney (forecourt)	CHOT	3.5	3.5	3.5
2 Park Street, Sydney	CHOT	3.5	4	4.0
231 Elizabeth Street, Sydney	CPOF		4	4.0
333 George Street, Sydney	CPOF			3.0
65 Berry Street, North Sydney	CHOT	2	2.5	2.5
68 Pitt Street, Sydney	DOF	3	3.5	3.0
9-11 Wentworth Place, Parramatta	PFA	4	4	4.0
9 Castlereagh Street, Sydney	CPOF	3	3	3.5
NSW State Average		3.19	3.50	3.60



Environment

Asset ratings and certifications continued

NABERS Office Water Ratings continued

Property	Fund	FY17	FY18	FY19
VIC				
1 Nicholson Street, Melbourne	DOF	3	3	2.5
11-33 Exhibition Street, Melbourne	CPOF	4	3.5	3.5
150 Lonsdale Street, Melbourne	CHOT	3	3	3.5
200 Queen Street, Melbourne	DOF	4.5	4.5	4.5
300 La Trobe Street, Melbourne	CHOT	3	3.5	3
570 Bourke Street, Melbourne	CPOF		3.5	3.5
737 Bourke Street, Melbourne	PFA			4
55 King Street, Melbourne	CPOF	3	4	4
171 Collins Street, Melbourne	CHOT	4	4	4
990 Latrobe Street, Melbourne	CPOF		6	6
VIC State Average		3.58	3.74	3.68
QLD				
175 Eagle Street, Brisbane	CHOT	4	4	4
266 George Street, Brisbane	CPOF/BSWF	3.5	3.5	3
275 George Street, Brisbane	CPOF	4	4.5	4
32 Turbot Street, Brisbane	CCT		4.5	4.5
69 Ann Street, Brisbane	CPOF/DOF	4	4	4
85 George Street, Brisbane	CLW/PFA	3.5		
56 Edmondstone Road, Bowen Hills	CLW		4.5	4.5
61 Mary Street, Brisbane	DOF			4
QLD State Average		3.81	4.05	3.98



Environment

Asset ratings and certifications continued

NABERS Office Water Ratings continued

Property	Fund	FY17	FY18	FY19
WA				
181 St. Georges Terrace, Perth	DOF	5	5.5	5.5
225 St. Georges Terrace, Perth	CPOF	3	3.5	4
233 Adelaide Terrace, Perth	CHOT	4	4.5	4.5
303 Sevenoaks Street, Cannington	PFA	4.5		5
300 Murray Street, Perth	CPOF/BSWF	3.5	4	3.5
Optima A, 16 Parkland Road, Osborne Park	PFA/CLW			2.5
Optima B, 133 Hasler Road, Osborne Park	PFA/CLW			3.5
WA State Average		3.58	3.80	3.98
SA				
12-26 Franklin Street, Adelaide	DOF/CLW	4.5	4	4.5
121 King William Street, Adelaide	PFA			3.5
SA State Average		4.50	4.00	4.28
TAS				
134 Macquarie Street, Hobart	PFA	4	3.5	4
TAS State Average		4.00	3.50	4.00
ACT				
44 Sydney Avenue, Forrest	PFA		5	5.0
ACT Territory Average			5	5.00
National Average (Weighted by NLA)		3.57	3.78	3.80



Environment

Asset ratings and certifications continued

NABERS Retail Energy Ratings¹

Property	Fund	FY16	FY17	FY18
NSW				
Bateau Bay Square, Bateau Bay	CHRP2	4	4.5	4
Singleton Square, Singleton	CQR	4	4	5
Highlands Marketplace, Mittagong	CHRP1	3	4	3.5
Carnes Hill Marketplace, Carnes Hill	CHRP1	3.5	3	3
Campbelltown Mall, Campbelltown	CPRF		3.5	3
Salamander Bay, Salamander Bay	CQR		3.5	3.5
NSW State Average		3.60	3.80	3.60
VIC				
Lansell Square, Kangaroo Flat	CQR	3.5	3	3.5
Rosebud Plaza, Rosebud	CQR	3.5	3.5	4
VIC State Average		3.50	3.30	3.80
QLD				
Great Western Super Centre, Keperra	TTP	4.0	3.0	4.5
Arana Hills Plaza, Arana Hills	CQR			5
QLD State Average		4.00	3.00	4.70

¹ The FY19 NABERS rating for Retail sites were not available at the time of publishing this report. The FY19 ratings will be updated online once available.



Environment

Asset ratings and certifications continued

NABERS Retail Energy Ratings continued¹

Property	Fund	FY16	FY17	FY18
WA				
Waneroo Central, Waneroo ²	CQR	3.5	4	
South Hedland, South Hedland	CQR		3.5	3.5
WA State Average		3.50	3.80	3.50
SA				
Brickworks Marketplace, Hindmarsh	CHRP1	4	4	4
Southgate Square, Morphett Vale	CQR		5.5	5.5
SA State Average		4.00	4.70	4.70
National AVERAGE (weighted by GLA)		3.70	3.75	3.90

¹ The FY19 NABERS rating for Retail sites were not available at the time of publishing this report. The FY19 ratings will be updated online once available.

² Not rated due to redevelopment.



Environment

Asset ratings and certifications continued

NABERS Retail Water Ratings¹

Property	Fund	FY16	FY17	FY18
NSW				
Bateau Bay Square, Bateau Bay	CHRP2	3.5	4	4
Singleton Square, Singleton	CQR	4	3	3.5
Highlands Marketplace, Mittagong	CHRP1	2.5	1.5	2.5
Carnes Hill Marketplace, Carnes Hill	CHRP1	1.5	0	0
Campbelltown Mall, Campbelltown	CPRF		4	3.5
Salamander Bay, Salamander Bay	CQR		3	4
NSW State Average		3.00	3.00	3.20
VIC				
Rosebud Plaza, Rosebud	CQR	4.0	4.5	4.5
VIC State Average		4.00	4.50	4.50
QLD				
Great Western Super Centre, Keperra	TTP	4.0	4.0	4.5
Arana Hills Plaza, Arana Hills	CQR			5.5
QLD State Average		4.00	4.00	5.00

¹ The FY19 NABERS rating for Retail sites were not available at the time of publishing this report. The FY19 ratings will be updated online once available.



Environment

Asset ratings and certifications continued

NABERS Retail Water Ratings continued¹

Property	Fund	FY16	FY17	FY18
WA				
Waneroo Central, Waneroo ²	CQR	3.5	4	
South Hedland, South Hedland	CQR		3.5	3.5
WA State Average		4.50	4.30	4.00
SA				
Brickworks Marketplace, Hindmarsh	CHRP1	3.0	3.5	2.5
Southgate Square, Morphett Vale	CQR		3.5	3.5
SA State Average		3.00	3.50	3.00
National AVERAGE (weighted by GLA)		3.40	3.43	3.60

¹ The FY19 NABERS rating for Retail sites were not available at the time of publishing this report. The FY19 ratings will be updated online once available.

² Not rated due to redevelopment.



Environment

Asset ratings and certifications continued

Green Star Certified

Property	Fund	Rating	Tool
NSW			
Charter Hall Head Office, 1 Martin Place, Sydney	CHH	5 Star	Office Interiors v1.1
WSU, 1 Parramatta Square, Parramatta	CPOF	5 Star	Education Design & As Built v1
333 George Street, Sydney	CPOF	5 Star	Office Design & As Built v3
105 Phillip Street, Parramatta	CPOF	6 Star	Office Design & As Built v3
1 Shelley Street, Sydney	CPOF	6 Star	Office Design & As Built v2
Lion Milk Distribution Centre, Chullora	CPIF	4 Star	Design Review
Lake Macquarie Square, Mount Hutton	CQR	4 Star	Design Review
1 Melito Court, Prestons	CPIF	5 Star	Design & As Built v1.1
Caroma National Distribution Centre			
VIC			
171 Collins Street, Melbourne	CHOT	6 Star	Office Design & As Built v2
990 La Trobe Street, Melbourne	CPOF	6 Star	Office Design v3
130 Lonsdale Street, Melbourne	CPOF	6 Star	Design Review
QLD			
275 George Street, Brisbane	CPOF	5 Star	Office Design & As Built v2
900 Ann Street, Brisbane	CPOF	5 Star	Office Design & As Built v3
Santos Place, 32 Turbot Street, Brisbane	CCT	6 Star	Office Design & As Built v2
SA			
ATO, 12-26 Franklin Street, Adelaide	DOF/CLW	5 Star	Office Design & As Built v3
GPO Exchange, Adelaide	DOF/CLW	6 Star	Design Review
WA			
Raine Square, 300 Murray Street, Perth	CPOF/BSWF	4 Star	Office As Built v2



Environment

Asset ratings and certifications continued

Well Certified™

Building	WELL rating	Date certified
Charter Hall Melbourne office	Silver New and Existing Interiors	Dec-17
Charter Hall Perth office	Silver New and Existing Interiors	Dec-17



Environment

1.0 Background notes

These notes provide an overview of the environmental data provided in this report. All data is for the reporting period 1 July 2018–30 June 2019. Where we have buildings that are jointly owned by two different Charter Hall funds, the lettable area and the environmental data are split according to the percentage ownership allocation. Where buildings are jointly owned by a Charter Hall Fund and an external party, 100% of the lettable area and the environmental data are included in our reporting.

1.1 Energy and emissions

We report our Scope 1 and Scope 2 emissions according to our operational control boundary under the National Greenhouse and Energy Reporting Act 2017. Emission factors for Scope 1 and Scope 2 emissions are sourced from the NGER Measurement Determination–July 2018. We also report our Scope 3 emissions from corporate travel (flights).

Changes in energy consumption and emissions generally reflect energy efficiency programs and initiatives, plus the acquisition and disposal of assets. More detail is provided in the energy and emissions tables on the following pages.

The table below provides an overview of our emissions and the boundaries.

Emissions	Boundary
Scope 1	Scope 1 (direct) emissions occur in our office and retail portfolio from fuels that are combusted on-site (natural gas and diesel) as well as refrigerant leakage.
Scope 2	Scope 2 (indirect) GHG emissions from the consumption of purchased electricity. We report emissions from base building electricity across our office, retail and diversified assets, where we have operational control; corporate tenancies and from outdoor lighting in some of our industrial assets.
Scope 3	Scope 3 (indirect) corporate travel emissions from flights.

Emissions are calculated using energy content and emissions factors provided within the NGERS Determination. For those assets that have missing invoices, estimates have been provided.

1.2. Water and waste

Total water consumed comprises potable water consumed by the whole building (base building and tenant) for our office and retail portfolio purchased by Charter Hall from local water utilities for sites under our operational control, as defined within the NGER Act. Water consumption is based on actual meter readings from water utilities, unless estimated by the utility. Where invoices are unavailable or extend across financial years, estimates based on the ‘same day, previous year’ consumption are used for reporting. In FY19, 26% of water has been estimated using this methodology.

Changes in water consumption generally reflect water efficiency programs and initiatives, tenancy mix, water leakages, plus the acquisition and disposal of assets.

Waste data for our office and retail operations is managed and reported by our waste contractors. For retail, waste is weighed where possible or calculated by bin lifts and density factors, based on historical data, from the waste contractor. In office, waste is managed by different contractors across assets and regions with estimates for waste data based on waste volume. We do not collect waste data in industrial as this is directly managed by the tenant.

1.3. Intensity values

Intensity values were calculated based on the total consumption or emissions value divided by the total floor area (sqm) for those assets for which data was provided. In retail Gross Leasable Area (GLA) values were used, and in office Net Leasable Area (NLA) values were used.



Environment

Electricity consumption

The table below reflects the electricity consumption and intensities of our Funds with buildings under operational control as at June 2019. Funds that closed during FY19 or prior years, have been excluded, including Workzone and Charter Hall Investment Fund No.8. Office and retail sector numbers include all buildings owned during FY19 so figures will be slightly different from Fund totals reflecting the additional buildings in Funds that were part-owned during the year. Where data has been obtained for prior years subsequent to previous annual reporting, our figures have been updated for reporting accuracy.

Commentary

Charter Hall Group electricity consumption for our stable assets in FY19 decreased by 4%, this is attributed to building energy efficiency upgrades across the Retail and Office sectors. Our total Group consumption in FY19 went up by 16% compared to FY18, this increase reflects our growing portfolio which has seen a more than 10% increase in NLA and as a result our Group electricity intensity also increased by 3%.

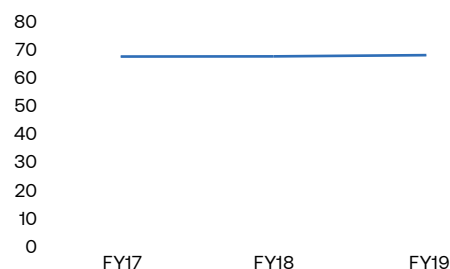
In the Office sector, the electricity consumption in FY19 for our stable assets decreased by 3%, reflecting the improvements energy efficiency and NABERS Energy ratings. However, the overall Office sector consumption has increased by 23% from FY18, with electricity intensity increasing by 1%. These changes reflect the growth in the portfolio with an NLA increase of 22% compared to FY18. The increase is attributed to acquisition of sites, new developments coming online, and an on-site co-generation mechanical issue in late FY19.

In our retail portfolio the overall electricity consumption across all sites increased by 3% from FY18, with electricity intensity increasing by about 5%. This is despite undertaking further LED upgrades in our common mall and outside lighting. The year on year performance reflects the acquisition of a number of large, centrally serviced malls as well as the divestment of a number of smaller, non-centrally serviced centres where the air-conditioning is often on the tenant board and not controlled by Charter Hall.

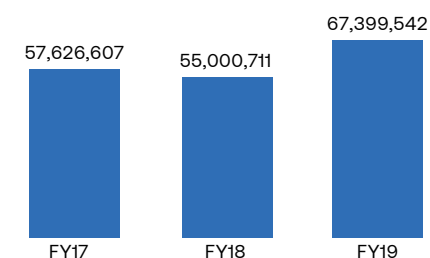
Consumption and intensity trends across the funds reflect those describe for each sector above.

Diversified funds are comprised of five funds which were acquired with the former Folkestone portfolio.

Office electricity intensity kWh/m2/pa



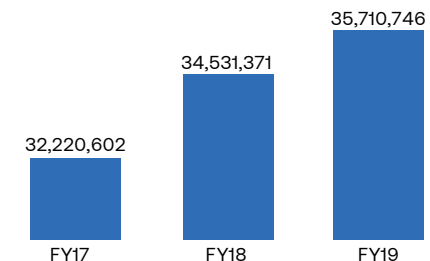
Electricity (kWh) consumption by asset class - Office



Retail electricity intensity kWh/m2/pa



Electricity (kWh) consumption by asset class - Retail





Environment

Electricity

Purchased electricity (kWh) ¹	FY17 (kWh)	FY17 NLA (sqm)	FY17 Intensity kWh/m ² /pa	FY18 (kWh)	FY18 NLA (sqm)	FY18 Intensity kWh/m ² /pa	FY19 (kWh)	FY19 NLA (sqm)	FY19 Intensity kWh/m ² /pa
OFFICE									
Charter Hall Office Trust	16,242,043	268,114	60.58	14,754,813	225,945	65.30	13,062,088	206,463	63.27
Charter Hall Prime Office Fund ²	23,578,660	331,730	69.73	23,027,347	335,155	68.71	27,637,130	393,963	70.15
Charter Hall Direct Office Fund	6,333,100	85,902	73.73	6,035,962	83,197	72.55	8,049,319	128,105	62.83
PFA Diversified Property Trust ²	5,100,392	66,950	76.18	4,333,820	60,177	72.02	7,103,191	103,995	68.30
Brisbane Square Wholesale Fund	4,464,658	60,908	73.30	3,987,091	52,126	76.49	4,360,450	60,908	71.59
Charter Hall CCT Fund	n/a	n/a	n/a	1,068,688	20,640	51.78	4,031,048	55,469	72.67
Charter Hall Long WALE REIT	1,253,628	24,400	51.38	1,792,990	36,802	48.72	2,531,916	33,951	74.58
Deep Value Partnership				–	–		624,401	8,228	75.89
Total (excl corporate offices)	56,972,481	838,003	67.51	55,000,711	814,040	67.57	67,399,542	991,081	68.01

¹ Calculated based on NGERS methodology – base building under operational control.

² FY18 figures for CPOF, PFA, CQR and Industrial outdoor lighting have been updated to provide a more accurate assessment based on invoiced data.



Environment

Electricity continued

Purchased electricity (kWh) ¹	FY17 (kWh)	FY17 NLA (sqm)	FY17 Intensity kWh/m ² /pa	FY18 (kWh)	FY18 NLA (sqm)	FY18 Intensity kWh/m ² /pa	FY19 (kWh)	FY19 NLA (sqm)	FY19 Intensity kWh/m ² /pa
RETAIL									
Charter Hall Retail REIT ²	21,300,790	489,430	43.80	22,913,688	503,880	45.47	23,160,348	489,200	47.34
Charter Hall Prime Retail Fund	3,052,496	41,208	111.70	4,099,870	41,208	99.49	5,350,422	48,607	110.08
Charter Hall Retail Partnership No. 1	2,272,534	51,728	44.65	2,353,422	47,648	49.39	2,062,569	43,841	47.05
Charter Hall Retail Partnership No. 2	1,566,132	29,143	53.74	1,571,561	29,143	53.93	1,617,798	29,143	55.51
Charter Hall Retail Partnership No. 6	3,324,503	33,140	100.32	3,014,112	33,140	90.95	2,966,856	33,140	89.52
TTP Wholesale Fund	704,147	15,398	45.73	578,719	15,398	37.58	552,754	15,398	35.90
Total	32,220,602	660,048	48.82	34,531,371	670,417	51.51	35,710,746	659,329	54.16
INDUSTRIAL									
Industrial outdoor lighting ²	72,609	n/a	n/a	143,950	n/a	n/a	144,352	n/a	n/a
Industrial total	72,609	n/a		143,950	n/a		144,352	n/a	
OTHER³									
Diversified							837,603	25,777	32.49
Diversified total							837,603	25,777	32.49
Charter Hall Limited (corporate offices)									
Corporate Offices	303,634			406,733			392,681		
Corporate Offices total	303,634			406,732			392,681		
Total Charter Hall	89,569,326			90,082,761			104,484,924		

1 Calculated based on NGERS methodology - base building under operational control.

2 FY18 figures for CPOF, PFA, CQR and Industrial outdoor lighting have been updated to provide a more accurate assessment based on invoiced data.

3 Five Folkestone sites (consisting of office, bulky goods, residential and retirement living), now called Diversified, were acquired, as part of the Folkestone funds management business, in November 2018 and are now under Charter Hall operational control.



Environment

The following table contains on-site electricity production from four solar PV systems and three co-generation systems installed on Charter Hall buildings under our operational control.

This data does not include assets where we have solar PV systems on buildings under tenant operational control.

Solar production referenced on page 20 'Investing in renewable technologies' refers to the combined assets within our portfolio with solar PV systems operated by the tenant customer.

On-site generated electricity¹

Solar electricity production (kWh)	FY17	FY18	FY19
44 Sydney Ave	n/a	12,741	23,844
Singleton Shopping Centre	n/a	179,186	282,733
21-25 Nile Street			71,216
Lake Macquarie Fair			98,085
Total	n/a	191,927	475,878
Co-generation electricity production (kW)	FY17	FY18	FY19
171 Collins Street, Melbourne	512,213	329,764	315,940
990 La Trobe Street, Melbourne ²	n/a	657,677	650,512
32 Turbot Street, Brisbane	n/a	318,860	164,030
Total	512,213	1,306,301	1,130,482
Total on-site electricity production FY19 (kWh)	512,213	1,498,228	1,606,360

¹ Solar electricity production from Charter Hall for buildings under operational control only.

² FY18 generated electricity at 990 La Trobe has been updated to reflect accurate usage for area under Charter Hall operational control.



Environment

Gas

The table below reflects the gas consumption and intensities of our Funds with buildings under operational control as at 30 June 2019. Funds that closed during FY19 or prior years, have been excluded. Where data has been obtained for prior years subsequent to previous annual reporting, our figures have been updated to provide a more accurate assessment.

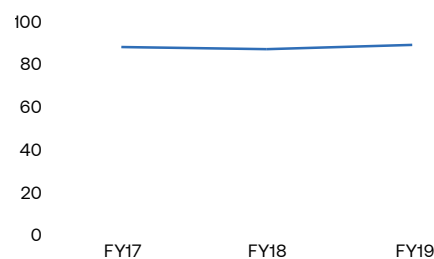
Commentary

Overall Charter Hall Group's gas usage has increased by 8% and the NLA, of sites with gas, has increased by 4%. Office gas consumption went up by 7%, in part due to growth in the portfolio, and the intensity has increased by 3%, this is despite fine tuning and optimisation initiatives implemented at a number of sites.

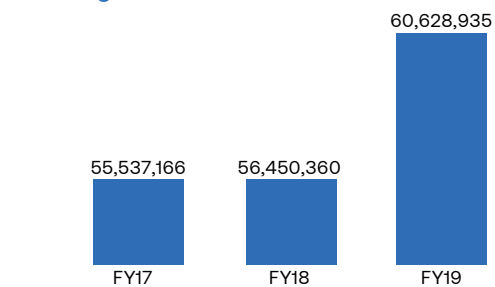
Retail gas usage has increased by 27% this is due to a faulty BMS issue at one of the Retail Centres, which has now been resolved.

In FY19 one of the sites (a retirement living asset) acquired as part of the acquisition of the Folkestone funds management business in November 2018, now classified in the Diversified sector, is under Charter Hall operational control.

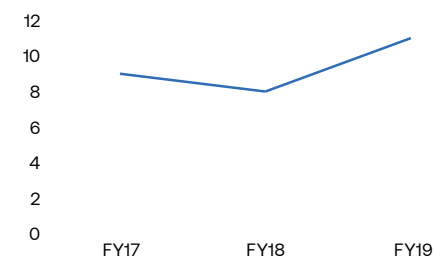
Office gas intensity MJ/m2/pa



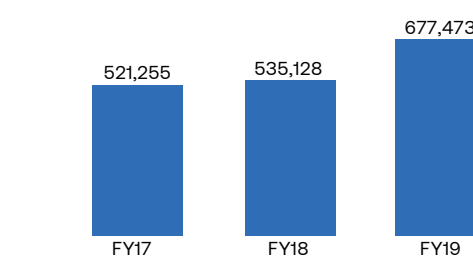
Office gas MJ



Retail gas intensity MJ/m2/pa



Retail gas MJ





Environment

Gas

GAS	Consumption MJ	NLA	FY17 Intensity MJ/m ² /pa	Consumption MJ	NLA	FY18 Intensity MJ/m ² /pa	Consumption MJ	NLA	FY19 Intensity MJ/m ² /pa
Purchased gas (MJ) ¹	FY17 (MJ)			FY18 (MJ)			FY19 (MJ)		
OFFICE									
Charter Hall Office Trust ²	22,069,528	268,114	82.31	16,836,232	225,945	74.51	14,729,253	206,463	71.34
Charter Hall Prime Office Fund ²	23,664,462	288,000	82.17	27,763,691	296,232	91.33	31,934,796	318,161	100.37
Charter Hall Direct Office Fund ²	7,763,407	68,966	112.57	6,766,768	65,389	95.63	6,990,922	75,165	93.01
PFA Diversified Property Trust ²	156,013	3,571	43.69	869,854	7,025	123.82	2,005,966	17,192	116.68
Brisbane Square Wholesale Fund ²	938,887	51,298	18.30	1,001,013	51,299	23.00	2,139,320	51,299	41.70
Charter Hall CCT Fund	n/a		n/a	1,629,106	20,454	79.65	1,916,229	35,382	54.16
Charter Hall Long WALE REIT ²	944,869	24,400	38.72	1,583,697	36,807	43.03	912,450	25,648	35.58
Office total	55,537,166	704,348	80.15	57,304,821	708,496	79.68	60,628,935	729,309	83.13
RETAIL									
Charter Hall Retail REIT ²	478,520	28,107	17.02	458,021	28,107	16.30	612,811	23,128	26.50
Charter Hall Prime Retail Fund	42,735	27,321	1.56	77,107	41,208	1.87	64,662	41,208	1.57
Retail total	521,255	55,428	9.40	535,128	69,315	7.72	677,473	64,336	10.53
OTHER³									
Folkestone Seniors Living Fund No. 1							29836	2800	10.66
Diversified							29836	2800	10.66

1 Calculated based on NGERS methodology - base building under operational control.

2 FY18 figures for CHOT, CPOF, DOF, PFA, BSWF, CLW and CQR has been updated to provide a more accurate assessment based on invoiced data.

3 Denotes a retirement living site part of the acquisition of the Folkestone funds management business in November 2018.



Environment

Greenhouse gas emissions

The table below reflects the Scope 1 and 2 emissions total and intensities of our Funds with buildings under operational control as at June 2019. Funds that closed during FY19 or prior years, have been excluded. Where data has been obtained for prior years subsequent to previous annual reporting, our figures have been updated to provide a more accurate assessment.

Commentary

Overall Group emissions intensities have reduced on stable assets, during FY19. However, Charter Hall total emissions have increased by 15% since FY18, which reflects an expansion in the portfolio and developments coming on line, resulting in NLA increasing by 13%. In FY19, there was a slight increase was observed in Scope 1 emissions, from the previous year, due to more accurate reporting.

Our office portfolio decreased their emission intensity by 1%, this is despite a 19% increase in total emissions in the sector. This reflects the divestment of a number of buildings which were less energy efficient, the acquisition of more energy efficient assets, as well as a number of base building energy efficiency upgrades initiatives.

Our retail portfolio increased their emission intensity by 8% despite the sale of smaller, less energy intensive, assets, due to increased use of gas and the acquisition of larger, more energy intensive assets and the sale of smaller assets which are less energy intensive.

Intensity trends across the funds reflect those describe for each sector above.

Diversified funds comprise five funds which were acquired as part of the Folkestone funds management business.

Scope 1 & 2 GHG (kg CO ₂ e) ¹	FY17 (kgCO ₂ e)	FY17 NLA (sqm)	FY17 Intensity (kgCO ₂ /m ² /pa)	FY18 (kgCO ₂ e)	FY18 NLA (sqm)	FY18 Intensity (kgCO ₂ /m ² /pa)	FY19 (kgCO ₂ e)	FY19 NLA (sqm)	FY19 Intensity (kgCO ₂ /m ² /pa)
OFFICE									
Charter Hall Office Trust	16,698,660	268,114	62.28	15,075,488	225,945	66.72	13,371,957	206,463	64.77
Charter Hall Prime Office Fund	23,060,003	331,730	69.51	22,356,553	335,155	66.71	26,792,058	393,963	68.01
Charter Hall Direct Office Fund	6,714,690	85,902	78.17	6,314,599	83,197	75.90	8,392,008	128,105	65.51
PFA Diversified Property Trust	3,299,531	66,950	48.24	2,724,484	60,177	45.27	4,140,139	103,995	47.22
Brisbane Square Wholesale Fund	3,780,179	60,908	62.06	3,324,920	52,126	63.79	3,397,011	60,908	55.77
Charter Hall CCT Fund	n/a	n/a	n/a	1,024,492	20,640	49.64	3,489,367	55,469	62.91
Charter Hall Long WALE REIT	n/a	n/a	n/a	1,200,941	36,802	32.63	1,937,879	33,951	57.08
Deep Value Partnership				-			499,521	8,228	60.71
Office total	53,553,062	813,603	65.82	52,021,478	814,040	63.91	62,019,939	991,081	63.36

¹ Calculated based on NGERS methodology - base building under operational control.



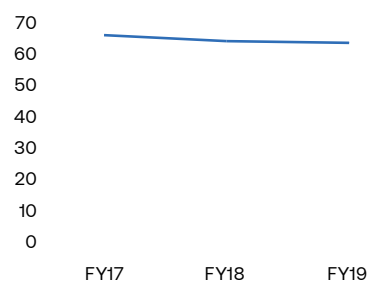
Environment

Greenhouse gas emissions continued

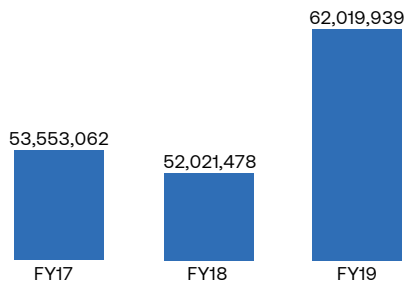
Scope 1 & 2 GHG (kg CO ₂ e) ¹	FY17 (kgCO ₂ e)	FY17 NLA (sqm)	FY17 Intensity (kgCO ₂ /m ² /pa)	FY18 (kgCO ₂ e)	FY18 NLA (sqm)	FY18 Intensity (kgCO ₂ /m ² /pa)	FY19 (kgCO ₂ e)	FY19 NLA (sqm)	FY19 Intensity (kgCO ₂ /m ² /pa)
RETAIL									
Charter Hall Retail REIT	17,993,150	489,430	37.53	19,414,777	508,028	38.22	19,399,406	489,200	40.73
Charter Hall Prime Retail Fund	2,566,417	41,208	62.28	3,444,500	41,208	83.59	4,867,634	48,607	100.14
Charter Hall Retail Partnership No. 1	1,806,861	51,728	34.93	1,786,560	47,648	37.49	1,545,414	43,841	35.25
Charter Hall Retail Partnership No. 2	1,391,741	29,143	48.28	1,433,158	29,143	49.18	1,455,407	29,143	49.94
Charter Hall Retail Partnership No. 6	2,811,887	33,140	84.85	2,556,599	33,140	77.15	2,432,930	33,140	73.41
TTP Wholesale Fund	549,235	15,398	35.67	457,242	15,398	29.69	442,230	15,398	28.72
Retail total	27,119,291	660,048	41.09	29,092,835	674,565	43.13	30,143,022	659,329	46.51
INDUSTRIAL									
Industrial outdoor lighting	65,127	n/a	n/a	127,529	n/a		144,678	n/a	
Industrial total	65,127			127,529			144,678		

1 Calculated based on NGERS methodology - base building under operational control.

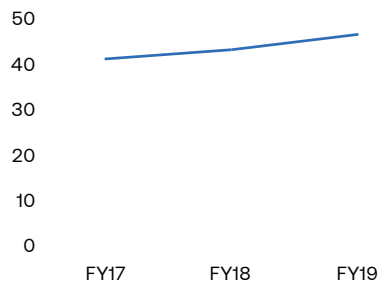
Office emissions intensity KG/m²/pa



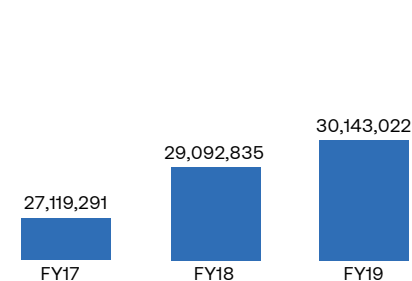
Office GHG emissions (KGCO₂e)



Retail emissions intensity KG/m²/pa



Retail GHG emissions (KGCO₂e)





Environment

Greenhouse gas emissions continued

Scope 1 & 2 GHG (kg CO ₂ e) ¹	FY17 (kgCO ₂ e)	FY17 NLA (sqm)	FY17 Intensity (kgCO ₂ /m ² /pa)	FY18 (kgCO ₂ e)	FY18 NLA (sqm)	FY18 Intensity (kgCO ₂ /m ² /pa)	FY19 (kgCO ₂ e)	FY19 NLA (sqm)	FY19 Intensity (kgCO ₂ /m ² /pa)
OTHER²									
Diversified							1,137,196	25,776	26.99
Diversified total							1,137,196	25,776	26.99
CHARTER HALL LIMITED (CORPORATE OFFICES)									
Corporate Offices	258,000			336,000			320,490		
Charter Hall Limited (corporate offices) total	258,000			336,000			320,490		

1 Calculated based on NGERS methodology - base building under operational control.

2 Five Folkestone sites (consisting of office, bulky goods, residential and retirement living), now called Diversified, were acquired, as part of the Folkestone funds management business, in November 2018 and are now under Charter Hall operational control.

Environment

Water consumption

The table below reflects the water consumption and intensities of our Funds with buildings under operational control as at June 2018. Funds that closed during FY19 or prior years, have been excluded. Where data has been obtained for prior years subsequent to previous annual reporting, our figures have been updated to provide a more accurate assessment.

Commentary

Overall, the Charter Hall Group water usage, across stable assets has remained consistent for FY19. Across the Group, including new assets and development, water usage has increased by 5%, which reflects the increase in NLA. Office water consumption has increased by 12% however overall intensity has decreased by 1%. Retail usage and intensity has decreased by 4% and 3% respectively.

In FY19, five Ex-Folkestone sites (consisting of office, bulky goods, residential and retirement living), now called Diversified, were acquired in November 2018 and are now under Charter Hall operational control. The water data for these sites has been reported in the FY19 figures.

Consumption trends across the funds reflect those describe for each sector above.

Diversified funds are comprised of five funds which were acquired as part of the Folkestone funds management business.

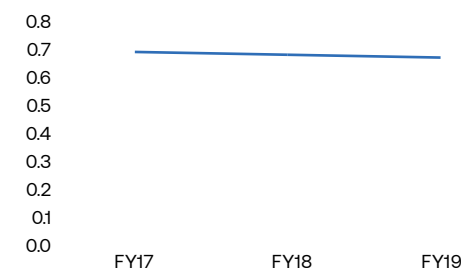
Potable water consumption (kL) ^{1,2,3}	FY17 (kL)	FY17 NLA (sqm)	FY17 Intensity kL/m ² /pa	FY18 (kL)	FY18 NLA (sqm)	FY18 Intensity kL/m ² /pa	FY19 (kL)	FY19 NLA (sqm)	FY19 Intensity kL/m ² /pa
OFFICE									
Charter Hall Office Trust	184,385	268,114	0.69	169,942	225,945	0.75	138,554	206,463	0.67
Charter Hall Prime Office Fund ^{2,3}	214,809	322,180	0.67	207,823	325,252	0.64	257,212	360,356	0.72
Charter Hall Direct Office Fund ³	50,456	85,902	0.59	52,556	82,406	0.64	60,705	108,471	0.56
PFA Diversified Property Trust	41,750	55,544	0.75	38,681	53,699	0.72	47,596	76,096	0.63
Brisbane Square Wholesale Fund	47,511	51,298	0.93	44,857	51,298	0.87	56,682	51,298	1.10
Charter Hall CCT Fund	n/a	n/a	n/a	10,099	20,640	0.49	24,178	55,469	0.44
Deep Value Partnership							1,064	9,873	0.11
Charter Hall Long WALE REIT	n/a	n/a	n/a	15,569	36,802	0.42	16,373	32,772	0.49
Office total	538,911	783,037	0.69	539,528	796,041	0.68	602,196	900,797	0.67

1 Total water consumed comprises potable water for our office and retail portfolio purchased by Charter Hall from local water utilities for sites under our operational control, as defined within the NGER Act. Water consumption is based on actual meter readings from water utilities, unless estimated by the utility. Where invoices are unavailable or extend across financial years, estimates based on the 'same day, previous year' consumption are used for reporting. In FY19 26% water has been estimated using this methodology.

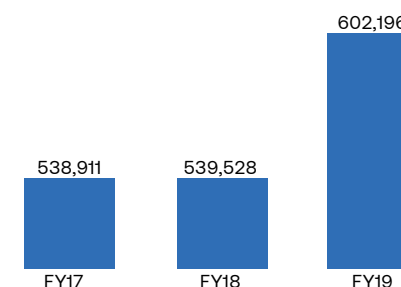
2 Water invoices for new sites that have come on in the last quarter of FY19 have not been reported, water for these sites will be reported once the invoices are received.

3 FY18 figures for all funds have been updated to provide a more accurate assessment based on invoiced data.

Office water intensity KL/m²/pa



Office water KL





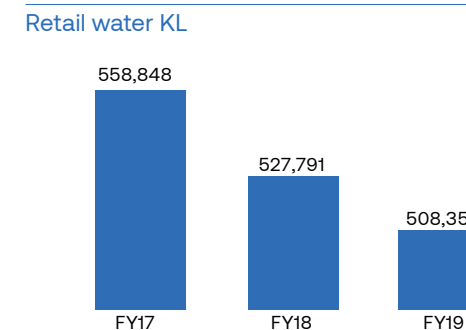
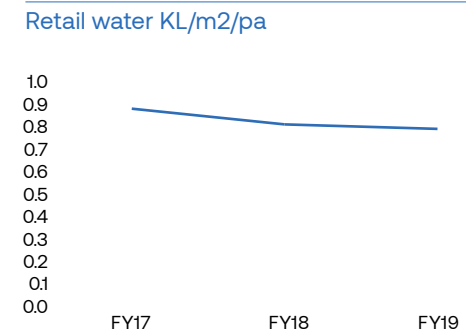
Environment

Water consumption continued

Potable water consumption (kL) ¹	FY17 (kL)	FY17 NLA (sqm)	FY17 Intensity kL/m ² /pa	FY18 (kL)	FY18 NLA (sqm)	FY18 Intensity kL/m ² /pa	FY19 (kL)	FY19 NLA (sqm)	FY19 Intensity kL/m ² /pa
RETAIL									
Charter Hall Retail REIT ²	363,959	475,632	0.77	337,232	484,497	0.71	324,098	484,700	0.67
Charter Hall Prime Retail Fund	24,653	27,321	0.90	37,864	41,208	0.92	38,434	41,208	0.93
Charter Hall Retail Partnership No. 1	62,150	51,728	1.20	49,683	47,360	1.07	44,726	43,841	1.02
Charter Hall Retail Partnership No. 2	22,471	29,143	0.77	23,623	29,143	0.81	23,304	29,143	0.80
Charter Hall Retail Partnership No. 6	70,030	33,140	2.11	66,130	33,140	2.00	65,991	33,140	1.99
TTP Wholesale Fund	15,584	15,398	1.02	13,260	15,398	0.86	11,798	15,398	0.77
Retail total	558,848	632,363	0.88	527,791	650,745	0.81	508,350	647,430	0.79
OTHER²									
Diversified							14,014	25,777	0.54
Diversified total							14,014	25,777	0.54
Total Charter Hall				1,067,319	1,446,786		1,124,561	1,574,003	

1 Total water consumed comprises potable water for our office and retail portfolio purchased by Charter Hall from local water utilities for sites under our operational control, as defined within the NGER Act. Water consumption is based on actual meter readings from water utilities, unless estimated by the utility. Where invoices are unavailable or extend across financial years, estimates based on the 'same day, previous year' consumption are used for reporting. In FY19 26% water has been estimated using this methodology.

2 Five Folkestone sites (consisting of office, bulky goods, residential and retirement living), now called Diversified, were acquired, as part of the Folkestone funds management business, in November 2018 and are now under Charter Hall operational control





Environment

Waste and recycling

The tables below reflect the waste generation at assets under operational control as at June 2019. Assets that closed during FY19 or prior years, have been excluded. Where data has been obtained for prior years subsequent to previous annual reporting, our figures have been updated to provide a more accurate assessment.

Commentary

In FY19, Charter Hall Office buildings diverted 32% of waste from landfill a 3% decrease from FY18. In FY18, we worked hard to align our reporting standards with the Better Buildings Partnership (BBP) Nominal Standards, with waste figures calculated through the collection of daily bin data from our waste contractors and NABERS waste density factors applied. This enabled Charter Hall to establish accurate baseline data to compare year-on-year improvements across office operations. Twenty-four of our office sites (60%) shifted from a Nominal reporting standard to BBP Silver Rating and 4 sites (7.5%) to a BBP Gold Rating. BBP Gold reflects the most accurate data is obtained where a site's waste and recycling streams are weighed at the time of collection and where contamination in recycling streams is accounted for.

The retail sector diverted 24% from landfill in FY19, this is a 2% increase compared to FY18. We attribute the improved diversion rate to the implementation of waste management plans and improved waste management initiatives, including the addition of new waste recycling streams, tenant education, updates to signage and reporting methods year-on-year, despite an increase in our retail footprint.

	Retail ²			Office		
Waste by disposal method (tonnes) ¹	FY17	FY18	FY19	FY17	FY18	FY19
Landfill	4,495	4,488	4,778	2,877	4,173	3,069
Waste to energy	1,500	1,521	1,250	n/a	n/a	n/a
Recycling	1,678	1,679	1,919	1,784	2,243	1,459
Total	7,673	7,688	7,947	4,661	6,415	4,528
Total diverted from landfill	22%	22%	24%	38%	35%	32%

Waste diverted from landfill	FY17	FY18	FY19
Office	38%	35%	32%
Retail	22%	22%	24%

Scope 3 GHG (t CO ₂ e)	FY17	FY18	FY19
Corporate travel (flights) ³	1,314	1,158	1,282

1 Waste and recycling figures for assets under operational control as defined by NGER legislation and where waste is controlled by Charter Hall.

2 Retail waste reporting includes sites within the national Veolia contract only.

3 Calculated using emission factors published in 2017 by the UK Government Department for Business, Energy & Industrial Strategy (DBEIS).



Social

Diversity and inclusion

	FY17			FY18				FY19 ¹			
	Total	Male	Female	Total	Male	Female	Gender Prefer not to say	Total	Male	Female	Gender Prefer not to say
Parental leave											
Entitled to paid parental leave	409	200	209	474	216	257	1	546	247	298	1
Commenced primary parental leave	14	1	13	16	1	15	0	17	1	16	0
Still on primary parental leave	11	0	11	11	0	11	0	15	0	15	0
Returned to Work	4	1	3	4	1	3	0	2	1	1	0
No longer employed or did not return	1	-	-	1	1	0	0	0	0	0	0

¹ FY19 includes Contract Fixed Term, those who returned to work returned during FY19 (they may have commenced leave in a prior reporting period).

Return to work rate FY18 parental leavers	FY17	FY18
Took primary parental leave in FY18	14	26
Returned to Work and still employed (30 June 2019)	14	25
No longer employed or did not return	0	1
Still on primary parental leave	0	0
Total	100%	96%

Board composition by gender²	FY17		FY18		FY19	
	Number	Rate	Number	Rate	Number	Rate
Male	3	60%	3	60%	4	67%
Female	2	40%	2	40%	2	33%
Total	5	100%	5	100%	6	100%

² Non Executive Directors only.



Diversity and inclusion continued

Remuneration ratio

Remuneration reported in terms of the ratio of female remuneration in relation to male remuneration within each defined job band.

Job bands consist of:

- Senior Management comprises Managing Director, Executive Committee and Heads of Divisions
- Management comprises Senior Managers
- Senior Professional comprises Managers, Senior Professionals and Experienced Professionals
- Professional comprises:
 - Mid-level Professionals, Team Leaders and Senior Support Staff
 - Professional and Experienced Support Staff
- Support comprises Support Staff

Metric boundary:

- Includes only full-time and part-time permanent and fixed-term contract employees
- Includes only fixed remuneration

Remuneration ratio ¹	FY17		FY18		FY19	
	Female	Male	Female	Male	Female	Male
Senior Management	0.75	1	0.69	1	0.71	1
Management	0.86	1	0.88	1	0.87	1
Senior Professional	1.01	1	1.03	1	1.01	1
Professional	0.94	1	0.90	1	0.87	1
Support	0.85	1	0.85	1	0.86	1
All company	0.58	1	0.58	1	0.59	1

¹ Above is average of full time fixed remuneration only and excluding employee prefer not to say to maintain confidentiality



Diversity and inclusion continued

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career endings

Induction	<ul style="list-style-type: none"> – STARTER – mandatory online modules completed within the first month of employment which summarise our organisational structure, strategy, culture and way of working, and key components across the employee lifecycle – Fundamentals to know as a Charter Hall employee – IT Introduction – step-by-step introduction to our technology and how to use it both in the office and when working remotely – Environment tour – a guided tour of the workplace to raise awareness of different office spaces and better understand how to use each space to optimise performance – Induction day – an interactive, 1.5 day face-to-face program that shares insights into the foundations of the organisation, and explains how our divisions and assets operate and interact to reinforce the importance of collaboration and customer focus
Compliance	<ul style="list-style-type: none"> – Safetrac – annual online compliance modules which are mandatory for all employees and focus on areas such as work, health and safety, ethics, security and integrity – Bite Sized Learning – regular short, face-to-face sessions that focus on areas such as risk, bullying and harassment, and general compliance
Technical	<ul style="list-style-type: none"> – Lunch n Learn – regular short face-to-face sessions managed by each division to focus on specific technical requirements and better understanding the impacts of their operations on other parts of the business – External Short Courses and Conferences – on an as needs basis aligned to individual development plans. Examples of these courses include Essentials of Finance for Non Finance Managers, Property Valuation, Leasing Fundamentals, Asset Management, Real Estate Certificate Program
General	<ul style="list-style-type: none"> – Bite Sized Learning – regular short face-to-face sessions available to all employees to build important skills and capabilities such as networking, presentation skills, emotional intelligence, having critical conversations – MindTools – online e-learning platform available to all employees to access a range of learning and development resources on an as needs basis, anywhere and at any time – Live Tuesday sessions – monthly breakfast learning sessions where we invite speakers to share their stories and challenge our thinking about a wide range of local and global issues. These sessions have included customers, market analysts, business leaders in renewable technologies, community entrepreneurs and health and wellbeing advocates
Management and leadership	<ul style="list-style-type: none"> – Manager Success Series – a series of live, virtual workshops to provide frontline managers with knowledge and tools to enhance their people management effectiveness. Topics include making great hiring decisions, maximising on the job learning, everyday coaching and leading teams through change – Leadership Development Program – a circa 10 month coaching based program for new leaders that focuses on building self awareness (informed by 360 degree feedback) and developing personal, team and strategic leadership skills



Diversity and inclusion continued

Percentage of employees receiving regular (annual) performance and career development reviews, by gender and employee category.

Percentage reported in terms of proportion of total employees by gender and employee category receiving annual performance and career development reviews.

Job bands consist of:

- Senior Management comprises Managing Director, Executive Committee and Heads of Divisions
- Management comprises Senior Managers
- Senior Professional comprises Managers,
- Senior Professionals and Experienced Professionals
- Professional comprises:
 - Mid-level Professionals, Team Leaders and Senior Support Staff
 - Professional and Experienced Support Staff
- Support comprises Support Staff.

Employee category	Gender	Percentage of Employees receiving regular performance and career development reviews %
Senior management	Male	100%
	Female	100%
Management	Male	100%
	Female	100%
Senior Professional	Male	100%
	Female	100%
Professional or Experienced Support; Support	Male	100%
	Female	100%

The above table includes performance and career development reviews completed for permanent employees and a select number of fixed term employees where they have short-term incentives in place. Given that performance reviews are finalised in September of the following reporting period, the FY19 performance reviews completion rate only includes eligible employees that were still employed as at 3 September 2019. The performance review completion rate metric also excludes the following: employees that are still within their 3–6 month probationary period as at 30 June 2019; employees who have transitioned to a new role within the organisation within the FY19 period.

Social

Diversity and inclusion continued

Workforce breakdown by job band, age and gender

Workforce reported in terms of:

- Number: Number of employees by age and gender within each defined job band
- Percentage: Proportion of employees by age and gender within each defined job band

Job bands consist of:

- Senior Management comprises Managing Director, Executive Committee and Heads of Divisions
- Management comprises Senior Managers
- Senior Professional comprises Managers, Senior Professionals and Experienced Professionals
- Professional comprises:
 - Mid-level Professionals, Team Leaders and Senior Support Staff
 - Professional and Experienced Support Staff
- Support comprises Support Staff

Metric boundary:

Includes only full-time and part-time permanent and fixed-term contract employees.

Workforce breakdown by job band, age and gender	Senior Management			Management			Senior Professional			Professional			Support		
	Male	Female	Prefer not to say	Male	Female	Prefer not to say	Male	Female	Prefer not to say	Male	Female	Prefer not to say	Male	Female	Prefer not to say
Under 30	0	0	0	0	1	0	16	4	0	25	48	0	2	15	0
30-50	22	7	0	55	18	0	39	42	0	45	99	1	4	41	0
50+ years	7	0	0	7	3	0	3	3	0	16	3	0	6	14	0
Total	29	7	0	62	22	0	58	49	0	86	150	1	12	70	0
Total of each job band	36			84			107			237			82		

Workforce breakdown by job band, age and gender	Senior Management			Management			Senior Professional			Professional			Support		
	Male	Female	Prefer not to say	Male	Female	Prefer not to say	Male	Female	Prefer not to say	Male	Female	Prefer not to say	Male	Female	Prefer not to say
Under 30	0%	0%	0%	0%	1%	0%	15%	4%	0%	11%	20%	0%	2%	18%	0%
30-50	61%	19%	0%	65%	21%	0%	36%	39%	0%	19%	42%	0%	5%	50%	0%
50+ years	19%	0%	0%	8%	4%	0%	3%	3%	0%	7%	1%	0%	7%	17%	0%
Total	81%	19%	0%	74%	26%	0%	54%	46%	0%	36%	63%	0%	15%	85%	0%
			100%			100%			100%			100%			100%



Our workforce

Employee breakdown by contract type and gender:

Employee breakdown reported in terms of number of employees by gender within each contract type.

Contract type consists of:

- Permanent full-time
- Permanent part-time
- Fixed-term full-time
- Fixed-term part-time

Metric boundary:

Includes only full-time and part-time permanent and fixed-term contract employees.

Employee breakdown by contract type and gender	FY17				FY18				FY19			
	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say
Permanent full-time	380	197	182	1	406	201	204	1	447	225	221	1
Permanent part-time	30	3	27	0	40	3	37	0	48	4	44	0
Fixed-term full-time	20	4	16	0	24	11	13	0	49	18	31	0
Fixed-term part-time	4	1	3	0	4	1	3	0	2	0	2	0
Total	434	205	228	1	474	216	257	1	546	247	298	1

Health and safety

	FY18	FY19
Employee recordable injury by type¹		
Fatalities	0	0
Medical treatment injuries ²	1	6
Lost time injuries ³	1	1
Employee recordable injury rate ^{4,6}	2.66	7.23
Employee lost time injury rate ^{5,6}	1.33	1.2

1 Employees includes only full-time and part-time permanent employees and fixed-term contract employees. It excludes contractors.

2 Medical treatment injuries refer to work-related incidents that require medical treatment beyond the first aid capability or authority of an industrial paramedic. They include injuries resulting in restricted duties (light duties) but no lost time.

3 Lost time injuries refer to work-related incidents that resulted in a fatality, permanent disability or time lost from work of one day/shift or more.

4 Employee recordable injury frequency rate (TRIFR) includes medical treatment and lost time incidents. It excludes first aid cases and other non-work-related incidents.

5 Employee lost time injury frequency rate (LTIFR) includes lost time incidents as defined above.

6 Based on 1,000,000 hours worked, including overtime.



Our workforce continued

Employee breakdown by region and gender:

Employee breakdown reported in terms of number of employees by gender within each contract type.

Regions consist of each state in which Charter Hall operates:

- New South Wales
- Queensland
- South Australia
- Victoria
- Western Australia

Metric boundary:

Includes only full-time and part-time permanent and fixed-term contract employees.

Breakdown by region and gender	FY17				FY18				FY19			
	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say
NSW	324	156	167	1	363	173	189	1	410	193	216	1
QLD	35	14	21	0	37	15	22	0	38	14	24	0
SA	9	2	7	0	8	1	7	0	9	2	7	0
VIC	36	17	19	0	34	14	20	0	54	23	31	0
WA	30	16	14	0	32	13	19	0	35	15	20	0
Total	434	205	228	1	474	216	257	1	546	247	298	1

Breakdown by age	FY17				FY18				FY19			
	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say
Under 30	75	26	48	1	78	30	48	1	111	43	68	0
30-50	312	149	163	0	341	152	188	0	373	165	207	1
50+ years	47	30	17	0	55	34	21	0	62	39	23	0
Total	434	205	228	1	474	216	257	1	546	247	298	1



Our workforce continued


Employee changes by gender	FY17		FY18		FY19	
	New hires	Termination	New hires	Termination	New hires	Termination
Male	48	47	41	33	70	39
Female	87	60	67	53	108	68
Prefer not to say	1	0	0	0	0	0
Total	136	107	108	86	178	107

Employee changes by age	FY17		FY18		FY19	
	New hires	Termination	New hires	Termination	New hires	Termination
Under 30	46	30	29	16	58	19
30-50	83	67	67	59	105	73
50+ years	7	10	12	11	14	14
Unknown	0	0		0	1	1
Total	136	107	108	86	178	107

Employee changes by region	FY17		FY18		FY19	
	New hires	Termination	New hires	Termination	New hires	Termination
NSW	108	85	90	67	130	80
QLD	8	9	7	4	8	10
SA	1	2	5	6	3	2
VIC	10	5	2	6	32	12
WA	9	6	4	3	5	3
Total	136	107	108	86	178	107

Turnover	FY17		FY18		FY19	
	Number	%	Number	%	Number	%
Voluntary	66	16.4%	52	11.9%	67	14.2%
Involuntary	22	5.5%	18	4.1%	18	3.8%
Total	88	21.8%	70	16.1%	85	18.0%

Calculated to only include permanent employees, therefore does not match employee changes for termination, which includes contract fixed term employees.



Ten Principles of the UNGC

Charter Hall offices, 1 Martin Place, Sydney NSW

Ten Principles of the United Nations Global Compact

Charter Hall Group became a signatory in March 2019 and is committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption. This report is our inaugural communication on progress. See pages referenced for more detail.

Principles	Actions	Page Reference
Human Rights		
Principle 1 Protection of Human Rights	<p>We have taken a proactive approach to determining the scope of our responsibility with respect to human rights. The Charter Hall Human Rights Policy, Employee Code of Conduct and Supplier Code of Conduct all outline Group-wide responsibilities for upholding human rights in our operations and supply chains, and set our expectations for employees and suppliers.</p> <p>In FY19, we developed a human rights framework – including a human rights policy, a supplier code of conduct and a modern slavery working group – to uncover and eliminate potential modern slavery risks throughout our operations and supply chains.</p> <p>We also joined industry colleagues on the Property Council of Australia’s Sustainability Roundtable to develop a supplier pre-qualification platform, and played a central role in elevating the prominence and efficacy of the Cleaning Accountability Framework pilot building certification scheme.</p>	34 – 38
Principle 2 No Complicity in Human Rights Abuses	<p>In the course of developing a human rights policy, a supplier code of conduct and a modern slavery working group over FY18 and FY19, no complicity in human rights abuses was identified.</p> <p>We uphold, protect and track our human rights performance through a number of policies and initiatives (as identified in Principle 1), and actively engage on this issue with NGOs, regulators, investors, employees, suppliers, tenant customers and industry colleagues.</p>	34 – 38
Labour		
Principle 3 Freedom of Association and Collective Bargaining	Freedom of association is enshrined under Australian and New Zealand law. In this context, Charter Hall respects the rights of all workers to join and form a trade union of their choice in accordance with national law. There are no employees on collective bargaining agreements at Charter Hall.	79, GRI Disclosure 102–41
Principle 4 Elimination of Forced and Compulsory Labour	Our human rights framework explicitly precludes the use of forced labour. A supplier risk assessment was undertaken in FY19 and no instances of forced and compulsory labour were identified. We continue to work with our industry partners and suppliers to address modern slavery.	34 – 38
Principle 5 Abolition of Child Labour	Our human rights framework explicitly precludes the use of child labour. A supplier risk assessment was undertaken in FY19 and no instances of forced and compulsory labour were identified. We continue to work with our industry partners and suppliers to address modern slavery.	34 – 38
Principle 6 Elimination of Discrimination	Charter Hall Group Diversity and Inclusion policy was updated in June 2019. We adopt a zero-tolerance stance towards harassment and discrimination in the workplace and regular training is provided on appropriate workplace behaviour. Our supplier code of conduct also seeks to extend our approach to our supply chain.	34 – 38

Ten Principles of the United Nations Global Compact (continued)

Principles	Actions	Page Reference
Environment		
Principle 7 Precautionary Approach	We undertook a number of initiatives this year that reflected our systematic approach to managing environmental risk. This included quarterly meetings of the Audit Risk and Compliance Committee to oversee environmental risk management, conducting materiality assessment with wide-ranging stakeholder engagement, commencing a climate change risk analysis for our childcare portfolio, and undertaking a review of the TCFD framework.	14 – 23, 40 – 41
Principle 8 Environmental Responsibility	In FY19, Charter Hall promoted environmental responsibility through developing a range of new Environmental, Social and Governance targets and indicators (e.g. setting a target of 100% reduction in Direct (Scope 1 and 2) emissions by 2030, by updating our company values to reflect our commitment to long-term sustainable value creation, by adopting voluntary charters and practice through sector initiatives (e.g. NABERS, Green Star and WELL), and by tracking and communicating progress on incorporating sustainability principles into business practices (e.g. SDGs, TCFD).	14 – 23, 40 – 41
Principle 9 Environmentally Friendly Technologies	<p>We are committed to the implementation of environmentally sound technologies, and in FY19, increased our renewable energy footprint from 2.5MW, in 2018, to 5.2MW of solar PV across the portfolio, generating 7,598MWh of electricity per annum in green energy, or enough to power 507 homes. Stage 1 of our solar rollout program for retail is also underway with the installation of 13 MW generation capacity across 15 shopping centres, producing 18 GWh of electricity per annum, equivalent to powering 1,200 homes.</p> <p>Our introduction of the Comfy app has seen a cumulative energy saving of 14% across four buildings since 2018, equating to 250 tonnes of CO₂e. Comfy allows individuals to personalise the temperature of their work zone and provides us with insights to understand preferences and fine tune building operations to suit. Comfy use will grow to 26 assets by the end of 2019.</p>	20, 22, 31
Anti-Corruption		
Principle 10 Work against Corruption	The Anti-Bribery, Fraud and Corruption Risk Management Policy governs our approach to corruption, as laid out in the Charter Hall Code of Conduct. All employees receive annual training in the Code of Conduct, and we periodically assess our exposure to bribery, fraud and corruption risk, including through annual operating risk reviews, internal and external audit planning and reporting, credit card expenditure monitoring, due diligence via on-boarding and the ongoing screening of employees and third parties, and an annual review of our approach by our Risk and Compliance function. See our Corporate Governance pages for more on policies and practices – charterhall.com.au/About-Us/corporate-governance .	34 – 38

A photograph of a smiling man and woman in an urban setting. The man is on the left, wearing a blue shirt, and the woman is on the right, wearing a white shirt with a pattern of small icons. They are both looking towards the right. The background shows a city street with trees and buildings, with a bright sun flare effect in the upper right.

GRI index

GRI 101: Foundation 2016

Effective from 1 July 2018

Section	GRI Standard	Disclosure	Location	Notes
About Charter Hall	GRI 102: General Disclosures			
	Organisation profile	102-1 Name of the organization	2	
		102-2 Activities, brands, products, and services	10, 11	
		102-3 Location of headquarters	23	
		102-4 Location of operations	12	
		102-5 Ownership and legal form	10, 11	
		102-6 Markets served	11, 12	
		102-7 Scale of the organization	10, 11	
		102-8 Information on employees and other workers	72	
		102-9 Supply chain	35	
		102-10 Significant changes to the organization and its supply chain	35	
		102-11 Precautionary Principle or approach	14, 78	
		102-12 External initiatives	34	
		102-13 Membership of associations	34	
	Strategy	102-14 Statement from senior decision-maker	4-5	CEO message
		102-15 Key impacts, risks, and opportunities	7, 16, 41	
Our Approach	Ethics and integrity	102-16 Values, principles, standards, and norms of behaviour	10, 14, 34, 35, 37	
	Governance	102-18 Governance structure	14	
	Stakeholder engagement	102-40 List of stakeholder groups	7	
		102-41 Collective bargaining agreements	77	Zero employees on collective bargaining agreements.
		102-42 Identifying and selecting stakeholders	15	
		102-43 Approach to stakeholder engagement	15	
		102-44 Key topics and concerns raised	15, 16	Key topics and concerns raised are reflected in our material topics.

GRI 101: Foundation 2016 (continued)

Effective from 1 July 2018

Section	GRI Standard	Disclosure	Location	Notes
About Charter Hall	Reporting practice	102-45 Entities included in the consolidated financial statements	10, 11	
		102-46 Defining report content and topic Boundaries	15, 16	
		102-47 List of material topics	16	
		102-48 Restatements of information	See note	Any restatements are indicated with footnotes on respective pages.
		102-49 Changes in reporting	2	
		102-50 Reporting period	2	
		102-51 Date of most recent report	See note	2018
		102-52 Reporting cycle	See note	Annual.
		102-53 Contact point for questions regarding the report	2	
		102-54 Claims of reporting in accordance with the GRI Standards	2	
		102-55 GRI content index	79-83	
		102-56 External assurance	85-86	
Environment	GRI 103: Management approach			
	Material Topic 1: Climate resilience	103-1 Explanation of the material topic and its Boundary	18	
		103-2 The management approach and its components	19-21	
		103-3 Evaluation of the management approach	19-21	
	GRI 300: Environmental			
	GRI 302 Energy	302-1 Energy consumption within the organization	56 - 61	
		302-2 Energy consumption outside of the organization	56 - 61	
		302-4 Reduction of energy consumption	56 - 61	
	GRI 303 Water	303-5 Water consumption	65-66	
	GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	62-64	
		305-2 Energy indirect (Scope 2) GHG emissions	62-64	
		305-3 Other indirect (Scope 3) GHG emissions	62-64	
		305-4 GHG emissions intensity	62-64	
		305-5 Reduction of GHG emissions	68	

GRI 101: Foundation 2016 (continued)

Effective from 1 July 2018

Section	GRI Standard	Disclosure	Location	Notes
Social	GRI 306 Waste	306-2 Waste by type and disposal method	68	
	Material Topic 2: Engagement and inclusion	103-1 Explanation of the material topic and its Boundary	25	
		103-2 The management approach and its components	26-30	
		103-3 Evaluation of the management approach	26-30	
	GRI 200: Economic			
	GRI 201 Economic performance	201-1 Direct economic value generated and distributed	7, 10-12	
	GRI 400: Social			
	GRI 401 Employment	401-3 Parental leave	68	
	GRI 403 Occupational health and safety	403-409 Work-related injuries	73	<p>While we disclose our safety performance by type, we do not currently breakdown the injury rates by gender. We will work to address these omissions in forthcoming periods in line with our focus on health and safety systems and reporting.</p> <p>Our safety disclosures only cover work-related incidents and hours worked incurred by our employees (full-time and part-time permanent employees and fixed-term contracts employees). It excluded work-related incidents and hours worked by our contractors due to system limitations.</p>
	GRI 404 Training and Education	404-3 Percentage of employees receiving regular performance and career development reviews	71	
	Environmental impacts on wellbeing	Own disclosure – WELL building accreditations	29	
	Employee satisfaction	Own disclosure – Employee engagement	8	
	GRI 405 Diversity and Equal opportunity	405-1 Diversity of governance bodies and employees	27, 68, 72-75	<p>Board composition by gender disclosure on p.68 does not include a breakdown by age group or other diversity indicators. This information is disclosed for our broader workforce disclosures on p.72.</p>
		405-2 Ration of basic salary and remuneration of women to men	69	

GRI 101: Foundation 2016 (continued)

Effective from 1 July 2018

Section	GRI Standard	Disclosure	Location	Notes
	Community investment	Own disclosure – Community investment	26	Pledge 1%
Governance	Material Topic 3: Responsible business	103-1 Explanation of the material topic and its Boundary	30	34
		103-2 The management approach and its components	31, 32	35, 36
		103-3 Evaluation of the management approach	31, 32	35, 36
	GRI 200: Economic			
	GRI 201 Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	15, 19, 40, 41	
	GRI 400: Social			
	GRI 412 Human rights assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	35, 38	
	Customer wellbeing	Own disclosure – Customer experience	29	
	GRI 418 Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	36	No complaints

A photograph of two business professionals, a man and a woman, sitting at a round wooden table in a modern office setting. The man, on the left, is wearing a dark suit and a striped tie, and is holding a tablet. The woman, on the right, is wearing a bright red blazer and is smiling. They are both looking at the tablet. The background shows a glass-walled office with other people and modern lighting.

Assurance statement

Steven Bennett and Charisse Nortje taken in 1 Martin Place, Sydney



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Independent Assurance Practitioner's Limited Assurance Report on the 2019 Sustainability Report to the Directors of Charter Hall Limited

We have undertaken a limited assurance engagement relating to the selected Sustainability Performance Indicators detailed below (the 'Subject Matter') presented in the Charter Hall Sustainability Report for the year ended 30 June 2019 ('2019 Sustainability Report').

Subject Matter and Reporting Criteria

The Subject Matter and Reporting Criteria for our limited assurance engagement for the year ended 30 June 2019 is as follows:

Subject Matter	Reporting Criteria
Total Scope 1 and Scope 2 Greenhouse Gas emissions (tCO ₂ e)	<i>National Greenhouse and Energy Reporting Act 2007, National Greenhouse and Energy Reporting (Measurement) Determination 2008</i> and related guidance, collectively referred as 'NGER legislation'
Total energy consumption (GJ)	
Total energy production (kWh)	
Water consumption (kL)	Global Reporting Initiative's Standard ('GRI Standard') 303-5 2018
Total Recordable Injury Frequency Rate and Lost Time Injury Frequency Rate	GRI Standard 403-2 2016
Board composition by gender	GRI Standard 405-1 2016
Ratio of remuneration of women to men	GRI Standard 405-2 2016
Workforce breakdown by job band, age and gender	GRI Standard 405-1 2016
Percentage of women in the workforce and senior management	GRI Standard 405-1 2016
Employee breakdown by contract type and gender	GRI Standard 102-8
Percentage of employees receiving regular (annual) performance and career development reviews, by gender and employee category	GRI Standard 404-3 2016

Responsibilities of Management

Management of Charter Hall is responsible for:

- Ensuring that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria
- Confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information

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- Designing, establishing and maintaining internal controls to ensure that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria.

Assurance Practitioner's Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000') issued by the Australian Auditing and Assurance Standards Board in order to express a conclusion whether, based on the procedures performed and the evidence obtained, anything has come to our attention that causes us to believe that the Subject Matter has not been reported, in all material respects, in accordance with the Reporting Criteria. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of the Subject Matter information is likely to arise, addressing the areas identified and considering the process used to prepare the Subject Matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and consisted primarily of:

- Interviewing respective Subject Matter data owners and sustainability report responsible management to understand and assess the approach for collating, calculating and reporting the respective Subject Matter across the reporting period ended 30 June 2019
- Undertaking a sample of detailed walkthroughs of key systems and processes used / relied upon to compile the Subject Matter for the 2019 Charter Hall Sustainability Report
- Assessing the supporting process documentation developed to support the collation, calculation and reporting process in accordance with the GRI Standards and the NGER Legislation as applicable
- Completing analytical reviews over material data streams to identify any material anomalies / gaps for the Subject Matter and investigate further where required
- Agreeing overall data sets for the Subject Matter to the final data contained in the 2019 Charter Hall Sustainability Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance about whether the Subject Matter has been reported, in all material respects, in accordance with the Reporting Criteria.



Inherent Limitations

There are inherent limitations in performing an assurance engagement - for example, assurance engagements are based on selective testing of the information being examined - and it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the year that is the subject of the engagement and the procedures performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

The procedures performed in a limited assurance engagement vary in nature from, and are narrower in scope than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than that in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the agreed selection of Performance Indicators disclosed in the 2019 Charter Hall Sustainability Report have been reported, in all material respects, in accordance with the GRI Standards and the NGER Legislation.

Limitations of Use

This report has been prepared for use by Directors of Charter Hall for the purpose of assessing the reasonableness of the data presented in the 2019 Charter Hall Sustainability Report for the agreed Subject Matter. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Directors of Charter Hall, or for any purpose other than that for which it was prepared.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter have not been reported, in all material respects, in accordance with the Reporting Criteria in the GRI Standards and the NGER Legislation.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that appears to read "Paul Dobson".

Paul Dobson
Partner

Sydney, Australia

26 September 2019

[charterhall.com.au/
sustainability](https://charterhall.com.au/sustainability)