

Charter Hall Group Sustainability Report 2020



Sustainability Report 2020

CEO message FY20 highlights About us Our approach Environment Social Governance Performance data UNGC GRI index Assurance Contact us

Managing Director & Group CEO message

66

Achieving better futures for Charter Hall and all those we work with requires us to assess our full progress against a suite of returns. Our financial performance is an important part of that, but increasingly we expect – and we are expected – to judge our success against how we performed environmentally, socially and in terms of our governance. This year, we delivered on initiatives that spanned all these areas and spoke strongly to the importance of staying true to our values and enhancing relationships and resilience through effective partnerships.



David Harrison
Managing Director
& Group CEO

We continued using our diversified business model and strategy to make robust long-term investments and increase our value and presence across our core sectors. Alongside a portfolio of 1,100+ properties across office, industrial & logistics, retail and social infrastructure, we have significantly increased our funds under management to \$40.5 billion. Our community of investors and tenant customers now numbers more than 40,000.

At the same time we have done that, we have reinforced our standing as the company with Australia's largest Green Star footprint, with 230 assets achieving a Green Star Performance or Design and As Built ratings and eight office funds in the top 11 portfolios in NABERS Sustainable Portfolios index.

Environment: targeting net zero

If this year has taught us all one thing, it's the importance of preparing for what might lie ahead. Having mapped our pathway to net zero by 2030, we now have a roadmap for lifting our climate resilience and achieving our target of 100% reduction in Scope 1 and 2 emissions within ten years. Our industrial & logistics business intend to achieve this target by 2022.

Energy efficiency is our first priority. The 21MW of solar we've installed across our retail, industrial & logistics and office portfolios, in partnership with our tenant customer, will in time come to generate up to 32GWh energy annually, equivalent to powering 2,150 homes. Our NABERS Energy ratings have also improved, the office portfolio has a 4.8 Star NABERS Energy weighted average, and our retail portfolio improved their standing to a 4 Star NABERS Energy weighted average rating. All office developments achieved 6 Star Green Star Design and As Built ratings.

We also identified how to work with our tenant customers and contractors to reduce Scope 3 emissions; engaging with them around their emissions and piloting carbon neutral developments. As part of this work, we commenced investigations into a carbon offset project to offset our Scope 1 and 2 and construction emissions.

Social: pledging time and resources

Our people continue to drive what we achieve and how we grow as a business. This year, our engagement scores were among the highest they have ever been at 93%. Those results are significant because, in the face of a wider economic downturn globally, we absolutely rely on the strengths and breadth of talent and experience that we have available to us to perform to our potential. A highly engaged, well balanced, fair culture is perhaps our most important asset.

Part of what makes us so strong are the ways we come together to encourage strong communities and be a responsible business. As Australia has suffered through droughts, bushfires and COVID-19, our long-standing commitment to Pledge 1% has seen us continue to contribute to supporting vulnerable Australians. I am proud that our future community focus will support vulnerable young people to find training and employment opportunities.

This year our people gave a total of 2,000 hours towards personal and team volunteering. We also increased our place contribution, with over 45,000sqm of space, equating to over \$1.9 million in space, provided for community, health and wellbeing activities. Our total community investment increased to \$933,000, through community partnerships including \$500,000 for short-and long-term bushfire relief and recovery.

Governance: addressing human rights

As a significant stakeholder in Australia's property sector, we have both a legal and moral responsibility to help prevent modern slavery and safeguard human rights throughout our operations and supply chain. We have continued working on this through mandatory modern slavery training for all our people, by engaging with our suppliers through prequalification surveys, and by measuring awareness and understanding of modern slavery issues.

Reporting our climate resilience strategy

Last year our Board agreed to align with the Taskforce for Climate-related Financial Disclosures (TCFD) Framework as a way to overview our climate resilience strategy alongside our wider performance disclosures. That alignment is now underway.

In terms of the climate resilience strategy itself, we have analysed the long-term resilience of our business under four scenarios. Our strategy adopted the two scenarios on either end of the climate spectrum so that we could prepare for impacts and opportunities in both a low carbon economy scenario (where global warming is modelled not to exceed 2°C by 2100) and in the case of a business-as-usual scenario, where it is modelled likely to exceed 4°C by 2100.

Meeting present and future goals

In a year that has tested many assumptions, I'm proud that we have met our commercial goals and significantly progressed our sustainability strategies. The details of what we have done, and where that will lead us, are set out in this report. Please read on to find out more about the futures we are creating for all those we work with.

David Harrison Managing Director & Group CEO

Sustainability Report 2020 CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

FY20 highlights



Environment

21_{MW}

solar PV installed, with potential to generate 32GWh of energy, equivalent to **powering 2,150** homes

212

Green Star Performance ratings across the portfolio - maintaining Australia's largest **Green Star footprint**

9%

reduction in water intensity compared to FY19¹

100%

industrial & logistics portfolio committed to net zero Scope 1 and 2 emissions by 2022

8%

reduction in Scope 1 and 2 emissions intensity from FY19

Social

employee engagement score 2,000

hours of employee volunteering

45,000+ sqm

in Pledge 1% space, valued at \$1.9 million provided for community use

\$933,000

donated to the community through our partnerships, including \$500,000 for bushfire relief and recovery



Governance

employees completed modern slavery training

priority 1 suppliers invited to complete a modern slavery pre-qualification survey²

84%

of priority 1 suppliers surveyed understand the basic facts around modern slavery and have a general awareness²

alignment underway

- 1. Water only includes assets that are in operational control.
- 2. Source: Property Council of

CEO message FY20 highlights

Governance

Our business

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.

Who we are

Charter Hall Group is an ASX-listed business, which predominantly co-invests in the funds and partnerships managed by the Group.

What we do

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



Access

Accessing equity from listed, wholesale and retail investors



Manage

Managing our funds, assets and leasing and development services



Deploy

Creating value through attractive investment opportunities



Invest

Investing alongside our capital partners

What guides us

Our values

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

Diversification by equity source

- Wholesale Equity \$26.3bn 64.9%
- Listed Funds \$8.2bn 20.2%
- Retail Equity \$6.1bn 14.9%

Asset type diversification

Office \$19.7bn 48.7%

Funds under

management

- Industrial & Logistics \$10.4bn
- Long WALE Retail \$4.0bn 9.9%
- Shopping Centre Retail \$3.8bn 9.3%
- Social Infrastructure \$2.7bn

Group highlights

Listed, unlisted. wholesale and partnership funds 1,100+

Office, industrial & logistics, retail and social infrastructure assets

568

Employees

40,000+

Investor and tenant customers

CEO message FY20 highlights

About us Our approach Environment

Performance data

UNGC **GRI** index

Assurance Contact us

Our property portfolio

We maintain Australia's largest Green Star footprint, which continues to grow across our office. industrial & logistics and retail portfolios.

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Charter Hall National Office

4.81 stars NABERS¹ Energy

Charter Hall National Retail

4.00 stars NABERS¹ Energy

weighted average rating

weighted average rating

WA **4.82** NABERS¹ **Energy Retail**

Energy Office 3.65 NABERS¹

Energy Office 4.48 NABERS¹ **Energy Retail**

VIC

4.74 NABERS¹

4.11 NABERS¹

Energy Office

Energy Retail

5.40 NABERS¹

SA

NSW 4.89 NABERS¹ **Energy Office**

QLD

4.77 NABERS¹

5.00 NABERS¹

Energy Office

Energy Retail

3.70 NABERS¹ **Energy Retail**

> **ACT 4.79** NABERS¹ **Energy Office**

TAS

2.50 NABERS¹

Energy Office

- Charter Hall Direct Diversified

Wholesale Property Funds

- Charter Hall Prime Office Fund (CPOF)

- Charter Hall Prime Industrial Fund (CPIF)

- Charter Hall Prime Retail Fund (CPRF)

Funds management portfolio

This report outlines the sustainability strategy and achievements for the following funds:

Listed funds

- Charter Hall Group (ASX:CHC)
- Charter Hall Retail REIT (ASX:CQR)
- Charter Hall Long WALE REIT (ASX:CLW)
- Charter Hall Social Infrastructure REIT (ASX:CQE)

Unlisted funds

Direct Funds

- Charter Hall Direct Industrial Fund No. 4 (DIF4)
- Charter Hall Direct Office Fund (DOF)
- Charter Hall Direct PFA Fund (PFA)
- Consumer Staples Fund (DCSF)

Partnerships

- Charter Hall Office Trust (CHOT)
- Charter Hall Counter Cyclical Trust (CCT)
- Charter Hall Deep Value Partnerships (DVP)
- Charter Hall Brisbane Square Wholesale Fund (BSWF)
- Charter Hall Retail Partnership No. 1 (RP1)
- Charter Hall Retail Partnership No. 2 (RP2)
- Charter Hall Retail Partnership No. 6 (RP6)
- Charter Hall Australian Investment Trust (CHAIT)
- Charter Hall Core Logistics Partnership (CLP)

For more information on our fund portfolio please visit:

charterhall.com.au/ investments/funds

I. NABERS rating refers to weighted average

CEO message UNGC **About us** Environment Assurance Sustainability Report 2020 FY20 highlights Our approach Performance data **GRI** index Contact us

Our management approach

While the Charter Hall Group Board has overarching responsibility for sustainability governance, the Executive Committee has ultimate responsibility for ensuring we deliver on our sustainability commitments, including those defined in our Group Sustainability Policy.

Sustainability governance

Our Environment, Social and Governance (ESG) achievements and considerations are reported to the Executive Committee, and quarterly to the Managing Director & Group CEO.

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 Committee on sustainability issues and initiatives. It also reviews strategies, policies and annual sustainability reports before approval is sought from the Board.

The Group Sustainability Policy reflects our commitment to responsible and sustainable business practices, and the Human Rights Policy addresses our commitment to human rights in our operations and supply chains. Our Supplier Code of Conduct, introduced in February 2019, promotes ethical, environmental and social standards throughout our supply chain, including in our relationship with contractors, subcontractors, consultants and suppliers.

The complete suite of our corporate governance policies, codes of conduct and charters is available on our website.

Roles and responsibilities

Fund, asset, operations and development teams embed the Group's sustainability strategy into our day-to-day business. Our operations and capital works and project teams are responsible for 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 expectation.

Some aspects of sustainability – such as TCFD, modern slavery and diversity and inclusion – are whole-of-business issues that apply across all teams, with ultimate responsibility vesting with the Executive Committee 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 & logistics portfolios, we outsource facilities management to CBRE, which has a dedicated sustainability manager responsible for tracking and managing asset performance against key sustainability criteria.



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-today 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. Our latest communication on progress in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals is provided on page 61.



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.

Executive Committee from left to right:

Greg Chubb, Steven Bennett, Sheridan Ware, David Harrison, Russell Proutt, Richard Stacker, Natalie Devlin, Sean McMahon.

Sustainability Report 2020 CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

Our sustainability framework

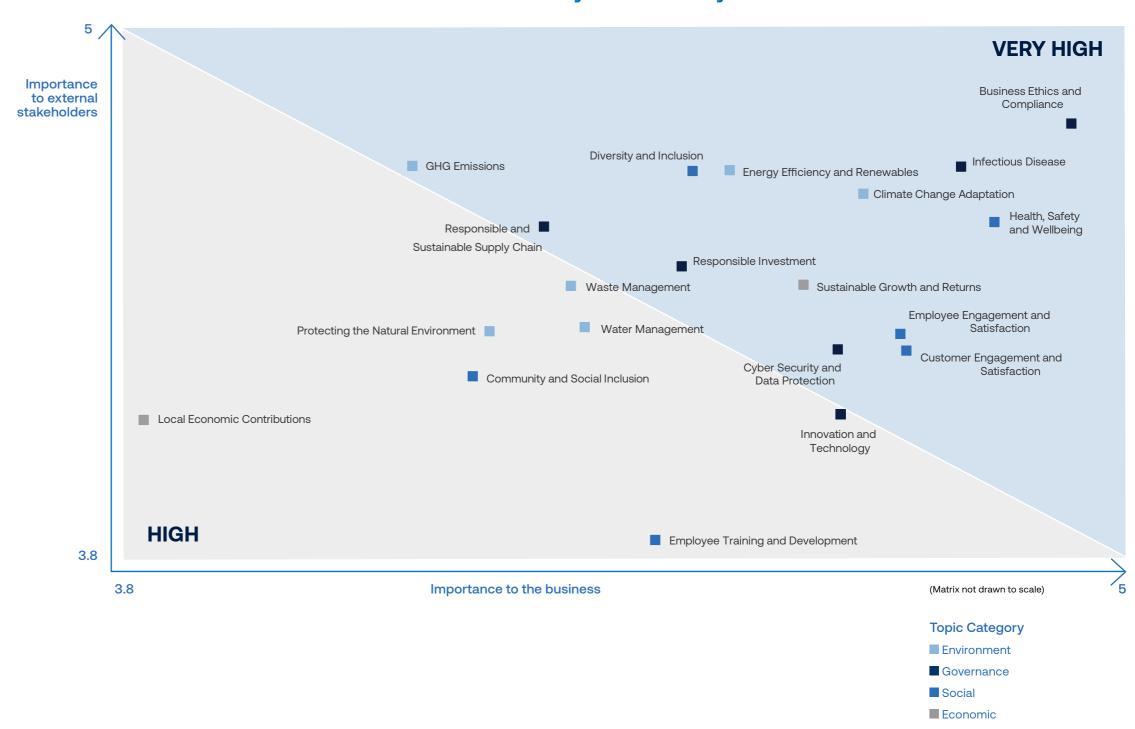
To determine and assess what is important or material to our business we track global and international trends, research industry, and engage with our tenants and investor customers, employees, government, industry bodies such as the Property Council of Australia and the Green Building Council of Australia and international organisations such as the World Health Organisation (WHO) and the World Economic Forum (WEF).

In early 2020, the WEF's *Global Risk Report* nominated climate action failure, extreme weather and biodiversity loss as the top three risks to business. This was the first time since the launch of the WEF's report 15 years ago, that the 12,000-plus business leader respondents selected environmental concerns as the top key risks.

However, post the onset of COVID-19, the WEF reports that, unsurprisingly, economic risks are regarded as the most challenging fallout from the pandemic, and are dominating companies' risks perceptions.

Charter Hall undertakes an external materiality assessment every two years, with the next planned for FY21. In the interim years we undertake desktop research and an internal review on material issues, which this year has informed the inclusion of infectious disease and the elevation of climate change adaptation. The inclusion of infectious disease into our material issues, reflect global and national research and reports and business considerations associated with COVID-19. The increased importance of climate change adaptation to the business reflects the work we have undertaken on our climate resilience strategy and the impacts of the bushfires and natural disasters that occurred during 2019/20.

Sustainability materiality matrix



Sustainability Report 2020 CEO message About us Environment Governance UNGC Assurance FY20 highlights Our approach Social Performance data GRI index Contact us



Environment

Climate resilience

Material issues Our response

Climate change adaptation

Building resilience for our business, properties and communities, against the physical impacts of climate change and preparing for changing regulations and markets in a low carbon economy.

Energy efficiency and renewables

Increasing energy efficiency and use of renewable energy across our operations and developments.

GHG emissions

Reducing greenhouse gas emissions across our operations and developments.

Waste management

Minimising the generation of waste and increasing

Water management Increasing water efficiency across our operations and developments.

environment

Protecting the natural Protecting, restoring and, where possible, creating opportunities to improve the natural environment in and around our operations.





Governance

Responsible business

Material issues

Business ethics

Infectious disease

and compliance

Responsible and sustainable supply chain

Responsible investment

Innovation and technology

Cyber security and data protection

Our response

Conducting our business activities in line with the highest ethical standards, as well as complying with all relevant regulations.

Supporting our customers, communities and employees to work safely in our buildings.

Facilitating procurement practices and supply chain management in a responsible and sustainable way, managing issues such as human rights, modern slavery and environmental impacts.

Integrating ESG considerations into investment decisions (due diligence, property management and day-to-day operations) and ongoing engagements in order to ensure sustainable growth and returns.

Investing in and adopting new technology and innovations in our assets and in partnership with our customers.

Safeguarding data and networks from cyber threats and ensuring the confidentiality and security of personal information.

Social Strong communities

Material issues

Our response

Diversity and inclusion

Promoting diversity and inclusion, respecting and valuing differences in gender, identity, sexual orientation, religion, disability, age, ethnicity and first peoples, as well as diversity of thought and experience.

Customer engagement and satisfaction

Meeting the business needs of our tenant and investor customers, resulting in a sense of belonging and satisfaction in our assets.

Employee engagement and satisfaction

Creating a culture and environment which enables our employees to give their best and maintain a positive attitude towards the organisation.

and development

Employee learning Investing in the learning and development of our people to ensure that we retain a workforce that can deliver on our objectives and is future ready.

Community and social inclusion

Supporting and contributing to the strength of local communities where we operate. This includes the promotion of social inclusion through employment for vulnerable young Australians.

Health, safety and wellbeing



Ensuring the highest standards for health and safety across our operations, developments and for employees (including contractors), customers and tenants, as well as the wider public that use our spaces. Creating spaces and programmes that support the physical and mental wellbeing of our customers, tenants and employees.





CEO FY20

Sustainability Report 2020

GRI index

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Climate resilience

Global climate change and the impact it will have on the environments and communities in which we operate pose a serious challenge to businesses.

Charter Hall faces this challenge in partnership with our tenant and investor customers, through our long-term investments in the Australian property market, across our office, industrial & logistics, retail and social infrastructure assets and funds.

The UN Sustainable Development Goal 13 (SDG 13) Climate Action identifies that "2019 was the second warmest year on record and the end of the warmest decade (2010- 2019) ever recorded."

Charter Hall has adopted SDG13 to inform our climate resilience approach. We applied the UN Secretary-General's climate positive actions as we build back our economies and societies particularly through the green transition economy which creates green jobs and sustainable and inclusive growth.

Focussing on target 13.1:



"Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries, specifically Australia."

21 MW

reduction in Scope 1 & 2 emission intensity from FY19 solar PV installed, with potential to generate **32GWh** of energy, equivalent to powering **2,150 homes**

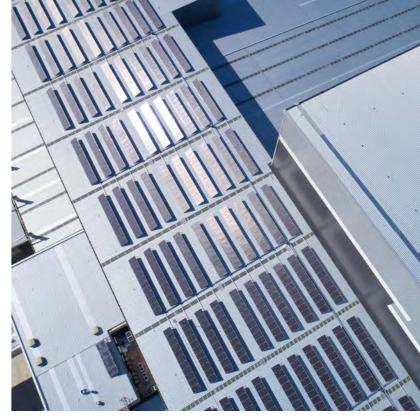
Green Star Performance ratings across the portfolio – maintaining Australia's largest Green Star footprint

100%

industrial & logistics portfolio committed to net zero Scope 1 & 2 emissions by 2022

Climate resilience metrics

Our climate resilience metrics and targets outline how we address our environmental material issues and implement our TCFD roadmap. These metrics and targets are primarily for assets in our operational control.



Dandenong Distribution Centre, 225 Glasscocks Road, Dandenong South VIC

Our long-term aims

Climate resilience	FY25	FY30
Carbon	Carbon neutral roadmap in place for all our operating assets and developments. Work with tenant customers to understand Scope 3 footprint and approach. Pilot carbon neutral developments.	100% reduction in Scope 1 and 2 emissions. Implement tenant and construction reduction pathway. All new office developments are carbon neutral from 2030.
Energy	Renewable energy strategy. Renewable energy commitment.	Operational electricity portfolio is powered by renewable energy.
Biodiversity	Carbon offset project strategy.	Residual operational and construction emissions offset through the carbon offset project.
Physical adaptation	All office, retail and industrial & logistics assets have climate change adaptation plans. Development of a climate change mitigation approach for the diversified and childcare portfolios.	Capital improvements to our portfolio that align with our climate change adaptation plans.
Waste	Circular economy strategy. 50% waste diversion in operational assets.	One waste stream in Australian circular economy. 75% waste diversion in operational assets.
Water	Sustainable water strategy. 4.0 Star NABERS Water weighted average rating in office and retail.	Sustainable water commitments. 4.5 Star NABERS Water weighted average rating in office and retail.

Sustainability Report 2020 CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

Climate resilience metrics

Climate resilience metrics that progress our low carbon economy scenario approach



Carbon

FY20 Targets	What we achieved	FY25 Targets	FY30 Targets
Undertake transitional climate change scenario analysis aligned to the TCFD Framework.	Cross business TCFD Working Group established to guide climate resilience strategy and approach. Transition approach prepares our business for a low carbon economy scenario, which is detailed on page 15.	Alignment with TCFD Framework.	
Pathway to net zero identified.	Defined our pathway to net zero for Scope 1 and 2 emissions (from 2017 baseline). Our pathway consists of five key initiatives including making our buildings more energy efficient; investing in onsite renewables, renewable procurement; phasing out our refrigerants; and offsetting residual carbon from operations and developments. Commenced implementation of this pathway targets across our office, retail and industrial & logistics sectors. Our investment in energy efficiency contributed an 8% reduction in Scope 1 and 2 GHG emission intensities from 2019. Industrial & logistics sector committed to net zero Scope 1 and 2 emissions by FY22.	Carbon neutral roadmap in place for all our operating assets.	100% reduction in Scope 1 and 2 emissions. Implement tenant and construction emissions reduction pathway.
Investigate opportunities to work with tenant customers and construction partners to reduce Scope 3 emissions.	Reviewed our tenants' commitments to carbon reduction. Commenced our first carbon neutral office development at 140 Lonsdale Street, Melbourne. Trialling Green Star New Buildings tool at Mid-West Industrial development in Victoria.	Carbon neutral road map in place for office developments. Work with tenant customers to understand Scope 3 footprint and approach. Pilot carbon neutral office developments.	All new office developments are carbon neutral from 2030. Implement tenant and construction reduction pathway.



Energy

FY20	What we	FY25	FY30
Targets	achieved	Targets	Targets
Establish a cross business approach to renewable procurement and on-site opportunities.	Cross business Energy Committee established. Office, retail and industrial & logistics sector energy strategies commenced.	Renewable energy strategy.	Operational portfolio electricity powered by renewable energy.
Renewable energy on all new large retail and industrial & logistics developments.	Partnered with customers to develop renewable energy assets. Total solar installations increased by 15.8MW to 21MW in FY20. Generated 12.5GWh across our combined office, retail and industrial & logistics rooftops. Renewable generation potential is now 32GWh - equivalent to powering 2,150 homes. See case study on page 16 for more information by sector.	Renewable energy commitment.	Implement tenant electricity emissions reduction pathway.
Stage 2 of retail solar power purchase agreement (PPA) implementation across applicable Charter Hall managed shopping centres.	Completed Stage 1 retail solar PPA across 12 retail assets. Commenced Stage 2 solar PPA, contracting 16 retail assets for solar delivery in FY21. Partnered with Coles, Woolworths and Aldi to deliver solar across 19 retail and industrial & logistics assets, with further projects in planning stages.	Generating 31,000MWh of solar across retail portfolio.	
Achieve a 3 Star average Green Star Performance Rating across the Group. Green Star ratings across all our new developments. 5 Star Green Star Design and As Built ratings for all new large office developments.	Increased Australia's largest Green Star footprint by 25 buildings. Now have 212 office, retail and industrial & logistics buildings with a Green Star Performance rating. While we didn't achieve 3 Star across the Group, the office portfolio achieved a 4 Star Green Star Performance weighted average rating, with premium buildings achieving 5 and 6 Star ratings. All other sectors improved their ratings. All developments continue to seek Green Star Design and As Built ratings, with 21 buildings rated across our retail, office and industrial & logistics sectors. Lake Macquarie Fair achieved our first retail 4 Star Green Star Design and As Built rating. All office developments completed this year achieved 6 Star Design and As Built ratings. Industrial & logistics developments piloted the Green Star New Buildings tool.	3 Star average Green Star Performance rating across our portfolio. Green Star ratings across all new developments, with 5 Star Green Star Design and As Built ratings on all new large office developments.	
4.75 Star NABERS Energy weighted average rating for our office assets. Improve NABERS Energy Ratings for our retail assets. Target a 3% reduction in energy consumption for smaller retail centres year on year.	Office portfolio exceeded the FY20 target and achieved 4.81 Star NABERS Energy weighted average rating an increase from 4.77 Stars NABERS Energy in FY19. Retail portfolio achieved a 4 Star NABERS Energy weighted average rating – up from 3.9 stars last year. The retail portfolio decreased energy intensity by 9% from 2019. Recognised in the NABERS Sustainable Portfolios Index. Eight office funds were in the top 11 in the Index.	5 Star NABERS Energy weighted average rating for office assets. 4.5 Star NABERS Energy weighted average rating for retail assets.	

12

Sustainability Report 2020 CEO message About us Environment Governance UNGC Assurance Social Performance data GRI index Contact us



Biodiversity

FY20	What we achieved	FY25	FY30
Targets		Targets	Targets
While not a target area, biodiversity is a new focus area in 2020, contributing to our net zero pathway and social sustainability strategy.	Creation of carbon offset project criteria to meet environmental and social outcomes and impacts. Shortlisted carbon offset projects that support reforestation, blue carbon and carbon soil.	Carbon offset strategy.	Operational and construction emissions offset through the carbon offset project.

Climate resilience metrics that progress our business-as-usual scenario approach



Physical adaptation

FY20 Targets	What we achieved	FY25 Targets	FY30 Targets
Undertake a physical climate change scenario analysis aligned with the TCFD Framework.	Prepared a physical adaptation approach under the business-as-usual scenario. See page 17 for more details on our approach.	Alignment with the TCFD Framework.	
Assess our assets against climate risk factors for business-as-usual climate scenario and develop a climate risk exposure assessment. All assets have climate change adaptation plans (CCAPs).	Social Infrastructure REIT completed a physical climate risk exposure assessment of its Australian childcare portfolio. Office sector completed CCAPs and we continued our retail portfolio CCAPs. Commenced CCAPs for the industrial & logistics portfolio across our NSW, VIC, SA and TAS assets. Completion of CCAPs for other regions delayed due to COVID-19 and reprioritised for completion in FY21.	All office, retail and industrial & logistics assets have climate change adaptation plans. Development of a climate change mitigation approach for the diversified and childcare portfolios.	Capital improvements to our portfolio that align with our CCAPs.
Seek certification of our environmental management plan to ISO 14001.	Environmental management plans completed for all operational assets. Seeking certification of these plans by FY21.	Our environmental management plan remains certified to ISO 14001.	

Climate resilience metrics that progress our material environmental issues



Waste

FY20 Targets	What we achieved	FY25 Targets	FY30 Targets
Prepared waste management plans across our retail and office portfolios. Set a target to achieve a 50% waste diversion in operational assets by 2020.	When international changes in the waste industry affected the recycling industry in Australia, we worked with our waste contractors to review our strategy and targets. Now focused on individual waste streams such as e-waste and organics. Commenced investigations into a circular economy approach and opportunities with new technologies and university research projects. Undertook e-waste initiatives with office customers, including on-site education sessions and e-waste collections.	Circular economy strategy. 50% waste diversion in operational assets.	One waste stream in Australian circular economy. 75% waste diversion in operational assets.
	Began trialling an Orca (a biomuncher) at Campbelltown, Rockdale and Lake Macquarie shopping centres. Some trial sites saw a 20-30% reduction in waste.		



Water

FY20 Targets	What we achieved	FY25 Targets	FY30 Targets
Align our water efficiencies with the NABERS Water standard. 4.0 Star NABERS Water weighted average in office.	Office maintained 3.8 Star NABERS Water weighted average rating, due to increased number of assets. These are now included in our NABERS improvement plans. Retail portfolio exceeded its targets, achieving a 3.95 Star NABERS Water weighted average rating, up from 3.6 Star last year. Recognised as the best rating in our peer group according to the	Sustainable water strategy. 4.0 Star NABERS Water weighted average rating in office and retail.	Sustainable water commitments. 4.5 Star NABERS Water weighted average rating in office and retail.
3.5 Star NABERS Water weighted average in retail.	NABERS Sustainable Portfolios Index 2020.		

CEO message Sustainability Report 2020

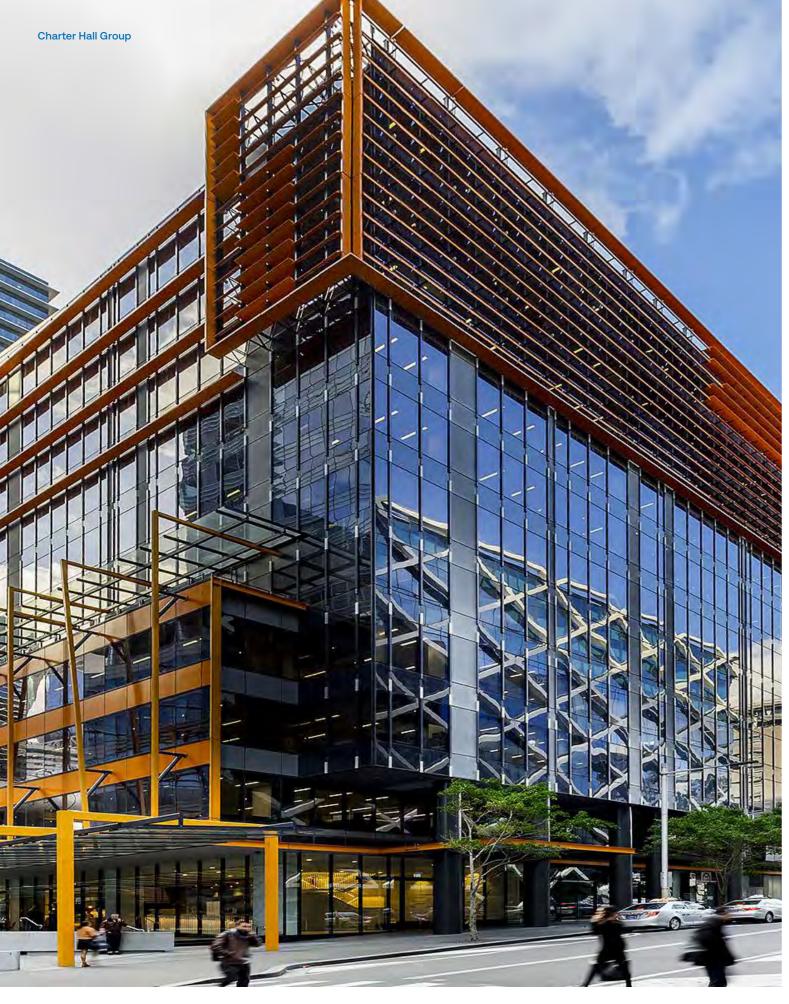
FY20 highlights

About us Our approach **Environment**

Governance Performance data UNGC **GRI** index

Assurance Contact us





Climate scenarios

Charter Hall has conducted analysis to find out how resilient our business will be when faced with a variety of possible climate scenarios, now and into the future.

We considered four scenarios, based on evidence from the Intergovernmental Panel on Climate Change (IPCC) in the Representative Concentration Pathways (RCP), which are designed to be 'representative' of possible future emissions and greenhouse gas (GHG) concentration scenarios to the year 2100.

Our climate resilience strategy adopted the two scenarios on either end of the climate spectrum enabling us to prepare for impacts and opportunities of both a low carbon economy (RCP2.6) scenario and the impacts associated with business-as-usual (RCP8.5) scenario.



Not likely to exceed 2°C by 2100 in accordance with the Paris Agreement

What this means:

This scenario is a low emissions pathway in which GHG emissions peak and are substantially reduced over time. This pathway represents declining use of fossil fuels and low energy intensity, increased energy alternatives, slower population growth and faster uptake of technology and strategies to achieve emissions reductions.



Business-as-usual (RCP8.5) scenario

Likely to exceed 4°C+ by 2100

What this means:

This scenario is a high emissions pathway characterised by increasing GHG emissions and few policy changes to reduce emissions. This pathway represents increasing population with increased use of land for agriculture, a heavy reliance on fossil fuels and a high energy intensity with low rate of technology development.

medium and long-term risk For each scenario we identified three

Charter Hall's definition of short,

timeframes within which climate risk and opportunities may occur. These include FY25, FY30 and FY35.

FY20 highlights

Our approach

Performance data

UNGC **GRI** index

Assurance Contact us



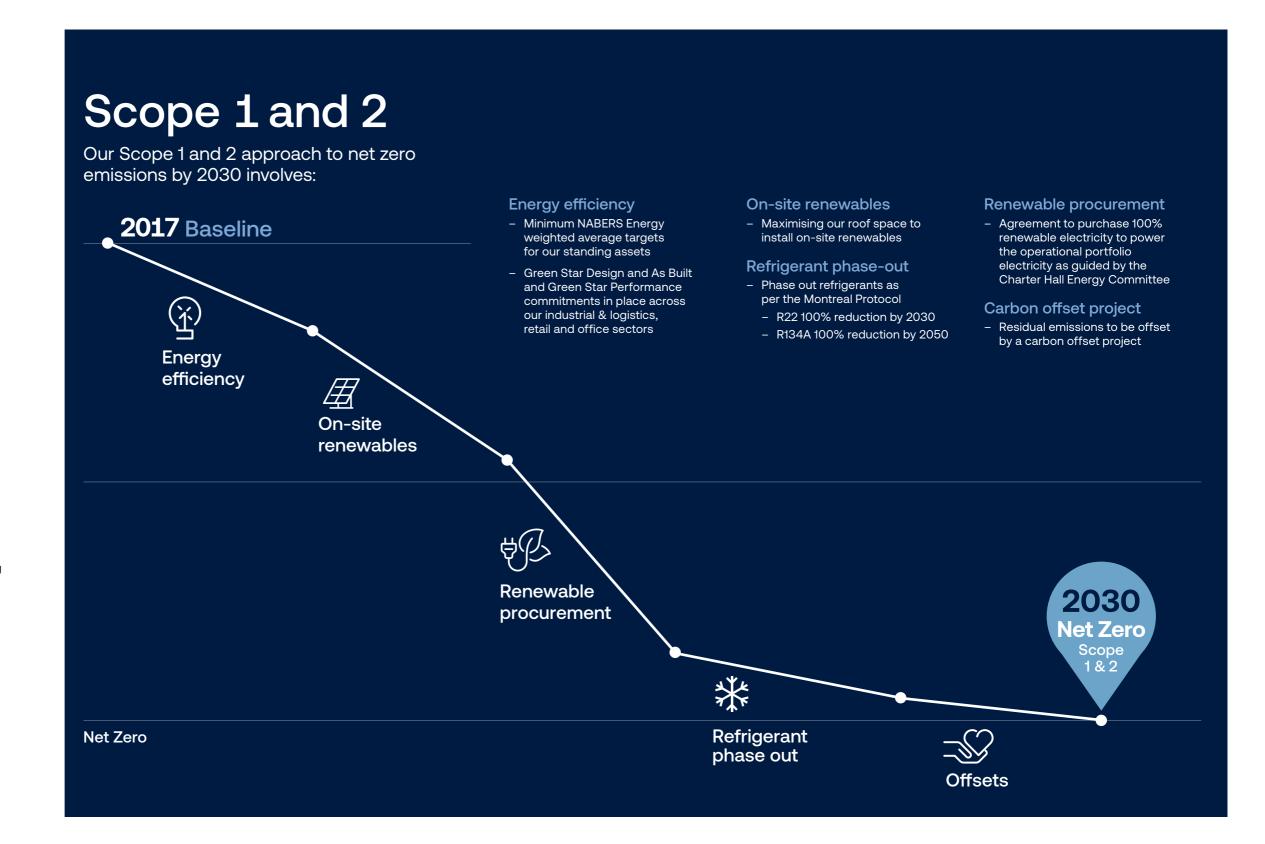
Our pathway to net zero

Becoming a net zero emissions company by 2030 is a key part of our strategy for low carbon economy.

For us, net zero means 100% reduction in Scope 1 and 2 emissions by 2030, which equates to an intensity of 0kgCO²/m².

Applying our pathway means we invest in making our buildings more energy efficient and powered by renewables and transition to low/no Global Warming Potential Refrigerants. We will also investigate offsetting residual emissions through carbon offset projects that support community development.

We recognise the need to measure and address our indirect emissions (Scope 3) as well. To do this we are investigating opportunities to work with our tenant customers and contractors.



Scope 3

We define our Scope 3 emissions as those emanating from our tenant and construction footprint. While we do not have direct control of these emissions, we have identified key initiatives to be implemented in partnerships with tenant customers and contractors, which includes:

Tenant emissions

We are engaging with our tenant customers to support their emission reduction targets through implementation of new technologies and provision of access to renewable electricity.

Construction emissions

We are piloting carbon neutral developments. All new office developments to be carbon neutral from FY30.

Carbon offset project

For our tenant and construction emissions, we will investigate offsetting residual emissions within our carbon offset project.

Low carbon economy scenario

Our net zero pathway informs how we will reduce our emissions

In Australia, the built environment represents 23% of the country's carbon emissions. We already lay claim to Australia's largest Green Star property portfolio and, as a manager of 1,100+ assets nationally, we have the presence and the partners to effectively deliver carbon reductions.

A key part of our climate resilience strategy, under the low carbon economy scenario, is to become a net zero emissions company by 2030.

That means a 100% reduction in our Scope 1 and 2 emissions through investing in more energy efficient buildings, renewable energy and offsetting residual emissions through a carbon offset project that supports community development.

To measure and address our indirect emissions (Scope 3), we are also finding opportunities to work with our tenant customers and contractors.

Each of our sectors contribute to our net zero pathway and climate resilience strategy.

Data will transform

our collective understanding and deeply influence our approach.

Acknowledging the key role that renewable procurement will make for our pathway, this year we established a cross-business Energy Committee to address current and projected energy requirements for our operational portfolio. Their role is to facilitate a co-ordinated and consistent implementation of our energy management strategies, programs and procurement, and to meet our 2030 strategic emissions reduction strategy outcomes.

On-site renewables is another significant stage to our pathway to net zero. Last year, our retail team began an ambitious solar power and battery storage rollout plan that will over time see us generate 31,000MWh of 100% renewable energy across our retail centres. Through our Power Purchasing Agreement (PPA) with Clean Peak Energy and Solgen we now have first and second stage agreements in place for solar systems at 28 convenience-plus retail centres.

Our industrial & logistics funds have announced a 100% net zero target for Scope 1 and 2 by FY22. The pathway for these funds has commenced with energy efficiency initiatives such as LED upgrades of 19 assets, achieving 2,950MWh in electricity reductions and 3,300 tonnes of carbon reductions, resulting in almost \$500,000 in reduced energy costs across our customer tenancies.

The industrial and logistics pathway to reducing Scope 3 emissions includes working with our tenant customers on energy initiatives, which this year included, installation of an additional

2.7MW of solar PV, resulting in a total of 9.5MW of solar systems installed, which has the potential to generate 12,000MWh in renewable energy. Our sustainability approach has also attracted the Clean Energy Finance Corporation to invest into CPIF, to further bolster our net zero approach.

CEFC

Clean Energy Finance Corporation invested in CPIF

industrial & logistics portfolio committed to net zero Scope 1 and 2 emissions by 2022

office developments to be carbon neutral by 2030

Our office business continues to enhance its carbon and energy footprint through the implementation of its targets. Our energy efficiency approach is measured through

NABERS Energy and this year we became the largest office portfolio to participate in the NABERS Sustainable Portfolios Index 2020.

All our funds and 62 commercial assets are included in the Index, with our Charter Hall Long WALE REIT (CLW) placed in the top three portfolios.

The many initiatives we have underway are just part of the story. Data will transform our collective understanding and deeply influence our approach. Our industrial & logistics energy metering project will enable us to build an evidence-based approach to reduce tenant energy use.

We are also working with the Western Sydney University to gain a deeper understanding of the operational data from our office buildings. This initiative will enable, more accurate testing on the life of our buildings and provide an evidence based understanding to inform our future developments.

Partnerships are another powerful asset. Our commitment to sustainability is shared by many of our large customers, who have themselves invested in PPAs or renewable energy investments. We are partnering with a number of our larger national retail, industrial & logistics and office tenant customers as they strive to achieve their own energy targets.

Performance data





Bribie Island Shopping Centre, Bongaree QLD

Bottom

Dandenong Distribution Centre Dandenong South VIC

FY20 highlights



Physical adaptation

While the transition to a low carbon economy encourages us to think about climate change mitigation, we believe it is equally important to analyse how Charter Hall can adapt to changes in our physical environment.

The extreme climatic events experienced across Australia throughout 2019 and 2020, including drought, bushfires, extreme storms and floods, provided a snapshot of what the business-as-usual scenario could bring in increasing frequency and intensity.

We used the business-as-usual scenario to better understand the potential physical risks on our portfolio of a high emission pathway.

What is physical risk?

It includes damage to assets, resources or supply chains, input prices, market impacts, and liability due to failure to foresee and mitigate losses from physical risks.



Wesley Place, 130 Lonsdale Street, Melbourne VIC

Physical assessments

Physical risk exposure assessments have been undertaken for office, retail, industrial & logistics, childcare and diversified sectors, in consideration of the business-as-usual scenario, where temperatures are likely to exceed 4°C by 2100.

These assessments considered the acute and chronic physical risks associated with the worst impacts of climate change, under this scenario. Acute risks or hazards are short but impactful events which are growing in frequency and severity, while chronic hazards occur over a longer time period are increasing in intensity.

Overall, our physical exposure risk assessment identified that the projected exposure to heat, particularly high maximum summer temperatures in 2070, is a common significant risk across all property sectors. The risk of storm and hail events, based on historical events, is also considered a significant risk across all property sectors.

Each asset was plotted against all risks and was attributed a weighted exposure score by risk and overall score. Through the development and application of climate change adaptation plans we have identified measures to mitigate these risks.

A summary of our progress against our physical adaptation targets is outlined on page 13 of this report.

Level of exposure

	->-				500
	Temperature*	Bushfire prone	Cyclones	Sea level rise	Storm & hail
Projection year	2070	Present	Present	2070	Historical
Sector					
Office	M	L	L	L	(H)
Industrial & Logistics	(1)	L	L	L	(1)
Retail	(1)	L	L	L	L
Childcare (Australian assets)	(1)	L	L	L	M
National	(1)	L	L	L	(H

*Maximum summer temperature.

Key

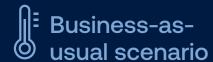
L Low risk

Medium risk

High risk

UNGC

GRI index



Our climate change adaptation process

FY20 has seen extreme climatic events impacting communities across Australia - from natural disasters including droughts, bushfires and floods.

In the face of this uncertainty, Charter Hall uses the following climate change adaption process to guide how we respond:

Risk exposure

Risk exposure

Business application

- 100% office, industrial & logistics, retail and diversified assets and land in 2017
- 100% of the Australian childcare portfolio in 2019
- New developments through Green Star assessments
- Transactions through due diligence processes
- Climate change integrated into Charter Hall risk profile

Adaptation to risks

Planning approach

Climate change

adaptation

- Review climate risk rating by property
- Identify climate change adaptation initiatives by geography/property
- Application of adaptation/ mitigation to risk exposure
- Integration of climate change adaptation plans and risk profiles into strategic asset plans

Climate change adaptation

FY25 targets

- Quantify implementation costs of adaptation measures identified
- Integration of mitigation activities into capital and operational planning strategies
- Analyse the financial implications of property level risk management for next 15 years

Climate variables

assessed for BAU

Risk exposure



(RCP8.5)



Sea level

Storms



Bushfires



Cyclones

CEO message

About us Our approach **Environment**

Governance Performance data UNGC **GRI** index

Assurance Contact us





Our ongoing commitment to resilient communities

At the very heart of how we work and what we value lies a fundamental desire to support communities. This year, we answered the call to assist Australian communities affected by drought and the bushfires.

Australian rural communities continue to be affected by the chronic impacts of long-term drought. In addition to the financial pressures, drought affects farmers personally, within families and across their communities. To help counter these effects, our retail centres and customers raised enough money to enable Rural Aid to deliver approximately 800 large bales of hay (about 27 semi-trailer loads) and 50 precious truckloads of water (approximately 19,000 litres) to 20 affected farming and rural communities.

The bushfires of Australia's black summer, in FY20, impacted communities across the country. Our response included a donation of \$200.000 to our long-term community partner Australian Red Cross to help with emergency grants, repair grants and injury grants. The funds will also contribute to the Red Cross Bushfire Recovery Program which supports communities over the long journey to recovery.

Our people gave generously and we dollar-matched their donations, resulting in \$50,000 in donations to the Victorian CFA, South Australian CFS, New South Wales RFS, WIRES and the Australian Red Cross for their relief efforts. Many of our people also asked to volunteer, and we offered them up to 20 days paid leave to do that. These individual efforts were in addition to the investments we make in people's time as part of our Pledge 1% initiative.

In recognition of the long road to recovery for many of the impacted communities, we also donated \$250,000 to the Foundation for Rural and Regional Renewal (FRRR). This will support the Strengthening Rural Communities program, which provides grants towards enhancing local community infrastructure and to restore and protect natural environments. These grants will be distributed over the next 12 months to help impacted communities determine their own recovery.



In response to the devastating bushfires, we contributed \$500,000 to community organisations to support them in three ways:

Relief

Supporting services that provided immediate bushfire relief to impacted communities

Recovery

Supporting communities to recover from the impacts of the bushfires

Rebuilding

Joining the Property Industry of Australia in the "build back better" programs





In recognition of the long road to recovery for many of the impacted communities, we also donated \$250,000 to the Foundation for Rural and Regional Renewal.

/!\ Risk Opportunity

Climate risk management

Understanding our climate-related risks and opportunities

Our strategy has considered a range of risks and opportunities which could occur under the two climate scenarios, outlined below:



l= Low carbon economy scenario

Transition risks and opportunities

Policy and legal changes

Carbon policy and standards



Increasing standards for buildings. Construction and materials to achieve carbon neutrality.

Impact: Increased cost for new developments and capital works to existing assets associated with carbon standards and low carbon materials. Uncertainty in future costs of carbon and Government policy.



Low carbon buildings attract tenant customers.

Impact: Opportunity to provide competitive advantage in supporting tenant customer energy needs and commitments towards lower emissions.

Energy



Volatility in energy market with transition to low carbon economy. Uncertainty in national energy policy.

Impact: Impacts to energy security and reliability as the grid transitions to more variable renewable energy sources.

Increased and variable energy costs on operational expenditure and increased capital expenditure to enhance building energy efficiencies and retrofit



Renewable energy and energy efficient buildings attract tenant customers.

Impact: Opportunity to provide competitive advantage in supporting tenant customer energy needs and commitments towards renewable energy.

Our response

Participated in industry forums and working groups to inform the development of new standards.

Committed to net zero Scope 1 and 2 emissions by 2030 for operating portfolio, which is preparing our portfolio for a low carbon regulatory environment. Our industrial & logistics portfolio has further committed to targeting net zero Scope 1 and 2 emissions by FY22.

Our office portfolio piloted carbon neutral developments and is committed to all developments being carbon neutral by 2030, which will inform all sector developments.

Undertook a review of our tenant carbon reduction commitments and engaged our tenants to advise them of our approach and understand how we can support their carbon reduction commitments.

Charter Hall's Energy Committee has addressed current and projected energy requirements for operational portfolio.

Committed to operational portfolio being powered by renewable energy by 2030. Our industrial & logistics portfolio has further committed to targeting 100% renewable energy for its operational energy (Scope 2) needs by FY22.

Partner with our current tenant customers to understand their critical infrastructure site requirements to manage energy loads and variability.

Together with our tenant customers invested in increased solar installations across our retail, industrial & logistics, office and childcare assets to meet tenant energy security requirements, renewable energy expectations and address operational expenditure.

Our office developments have commenced designing for electrified buildings to enable 100% renewable energy

Reviewed our tenant energy commitments and engaged with our tenants to meet their building efficiency requirements and supporting their renewable and green energy commitments. We also engaged with our tenant customers in day-to-day operations to assist them in reducing their energy footprint and operational costs.



Physical risks and opportunities

Impacts on our buildings

Acute climatic event impacts



Increasing intensity and frequency of extreme or acute climatic events, such as storms, hail, bushfire.

Impact: Potential damage to our buildings associated extreme climatic events.

Increased costs associated with expenditure for repairs or through mitigation building upgrades and increased insurance costs.

Chronic climatic event impacts



Increasing average temperatures and days over 35°C and increasing impacts of drought.

Impact: Increasing operational expenditure on energy and water to meet increasing demand and potential increase in costs.

Potential operational continuity risk to tenants due to impact on work environment.

Increasing operational expenditure on maintenance to manage demands for cooling and upgrades and physical degradation of plant and façades associated with increasing heat impacts.

Availability of water for operational purposes.

Customer and community



Enabling customers to maintain continuity of operations and supporting communities impacted by acute and chronic climatic events.

Impact: Enhancing our engagement and relationships with our tenant customers through engagement in climate change mitigation processes and engagement in operational needs in times of impacts.

Supporting our customers and communities impacted by acute and chronic events through local asset initiatives and Pledge 1%.

Our response

Climate risk exposure ratings undertaken for all standing assets, through transaction and development processes to understand extent of risk.

Climate change mitigation plans in development across office, industrial & logistics, retail and childcare portfolios to mitigate potential risks and exposures and enable continuity of operations. These plans will inform capital and operational expenditure requirements. These plans also consider the vulnerability of our building occupants and the needs associated with our different asset classes.

Climate change adaptation planning has enabled our asset and operational teams to identify physical climate impacts and increase structural reviews and inform future developments.

Set operational energy and water efficiency targets to address current and future tenant customer needs and maintain high performing buildings across our portfolio.

The most recent 2020 Australian summer bushfires had minimal air quality impacts on our operational portfolio. Our office building operational plans incorporate air quality filtration and office funds have extended Indoor Environmental Quality (IEQ) ratings to achieve 5 NABERS IE ratings.

Work closely with local authorities and communities to enable continuity of operations and support communities impacted by drought.

Charter Hall's Pledge 1% has supported communities impacted by climate events, most recently bushfire and drought. Together with our employees and customers we continue to support the communities in which we operate during acute and chronic climatic events.







Transition risks and opportunities

Market and technology

Investment exposure to climate-related impacts



Tenant businesses over-exposed to climate-related impacts.

Impact: Potential loss of tenant operations impacted by climate-related markets or events.

Potential vacancies or underutilised assets.

Investment in renewable energy and new technologies



 Investment in renewable energy results in increased engagement and attraction of investors and tenants.

Impact: Increased investment in solar PV and other technologies enhances energy efficiency choices for our tenants and addresses their operational costs.

Opportunity to maintain Charter Hall's reputation as a sustainability leader and attract wider investment.

Advances in battery storage will help decrease the variability of renewable energy sources and ease the transition towards a reliable renewable energy grid, increasing security of investment in renewables.

Timeliness of transition to renewable energy



Business take up and implementation of renewable energy across the portfolio in a consistent manner.

Impact: Risk of holding or developing assets that are fit for purpose for tenants.

Increased costs associated with the electrification of building systems (away from gas heating, cooking, and hot water) across assets.

Our response

Undertook a gap analysis of our business against the TCFD Framework, which included a review of exposure of tenant market or industry. The diversified nature of our portfolio by industry, sector and geography has reinforced our business strategy and our analysis concluded that we have no overexposure to any one industry, tenant market or geography that is susceptible to climate-related impacts.

Working with our tenant customers who have a large energy footprint across our retail and industrial & logistics portfolios to extend our solar PPA in retail and our solar PV roll out in industrial to meet tenant energy costs and loads.

Partnered with our solar PPA providers to trial battery storage in our retail centres. Once operational we will be able to understand how to manage our energy loads to take advantage of this technology.

Drove continued diversification in our approach to energy and focussed on the emerging trends within the automation and digital sectors.

In recent years, Charter Hall has extended our renewable footprint, powered by solar PV, extensively across our portfolio and currently accommodates 21MW solar PV installed, with potential to generate 32GWh of energy, equivalent to powering 2,150 homes.

All developments in industrial & logistics and retail now include solar as a minimum standard, with a system sized to the needs of the asset and tenant requirements. The majority of our recent office assets also included solar PV, within the confines of the roof space.

In relation to electrification, we keep a watching brief on new technologies in the energy industry which provide substitutes for gas. While our retail portfolio is not impacted by electrification, our office portfolio is currently investigating what is required for electrification and its application across our portfolio. Our new office developments include electrification as a standard.



Physical risks and opportunities

Our response

Impacts on our buildings cont.

Investor and tenant customer expectations



Investor and tenant customer expectations in continuity of operations during acute and chronic climatic-events.

Impact: Potential loss of tenant operations impacted by climate-related events and potential loss of confidence by tenants to continue operations, subsequent to events.



Becoming a partner of choice due to climate-related risk management.

Impact: Increased attraction of tenants to space across our diversified portfolio.

During climatic events many of our customers are considered front line or critical/essential industries and therefore are required, where possible, to continue their operations. Charter Hall works closely with our tenant customers to understand their operational needs and work with them to meet these needs, within a safe operating framework.

Developed an Environmental Management System and Plans across our office, industrial & logistics and retail portfolios.

Partnered our front line and critical/essential service tenant customers across our portfolio during times of climate-impact, to support their operation and the provision of services in the communities in which we operate.





Transition risks and opportunities

Reputational risks

Investor and tenant customer expectations



Investor and tenant customer expectations in managing transition to low carbon economy.

Impacts: Potential loss of investor confidence in Charter Hall's capacity to identify and manage climate-related risks, resulting in a reduced appetite for investment.

Potential risk to the attraction and retention of tenant customers.

Employee expectations



Employee expectations in managing transition to low carbon economy.

Impact: Ability to attract and retain employees through sustainability and climate-risk management.

Our response

Aligned with the TCFD Framework and disclosed our climate resilience strategy and emissions reduction approach in our Annual Report and annual Sustainability Report.

Aligned our sustainability standards and disclosure with accredited third-party industry rating systems. Our buildings and our managed funds have NABERS Energy and Green Star Design and As Built and Green Star Performance certifications. Our certifications are published in our annual Sustainability Report and all assets keep an up-to-date NABERS certification on our website.

15 of our managed funds responded to the Global Real Estate Sustainability Benchmark (GRESB) in 2020.

Annually disclose our carbon and energy emissions and our water and waste factors in our Sustainability Report and to the National Energy Regulator.

Undertook a range of investor and tenant customer programs and reporting to advise and include them in our sustainability initiatives.

Charter Hall employees are actively engaged in sustainability and also participate in a range of initiatives to enhance both personal and asset/development sustainability outcomes.



22

1 Shelley Street, Sydney NSW

Sustainability Report 2020

CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

Climate governance

Embedding stronger climate governance

Our Board of Directors provide the leadership and direction for the Group, including setting the tone in relation to good governance, which is critical to achieving our corporate objectives. The Board and Board Committees, including the Audit Risk and Compliance Committee (ARCC) have responsibility for overseeing Charter Hall's risk management framework, which includes climate risk.

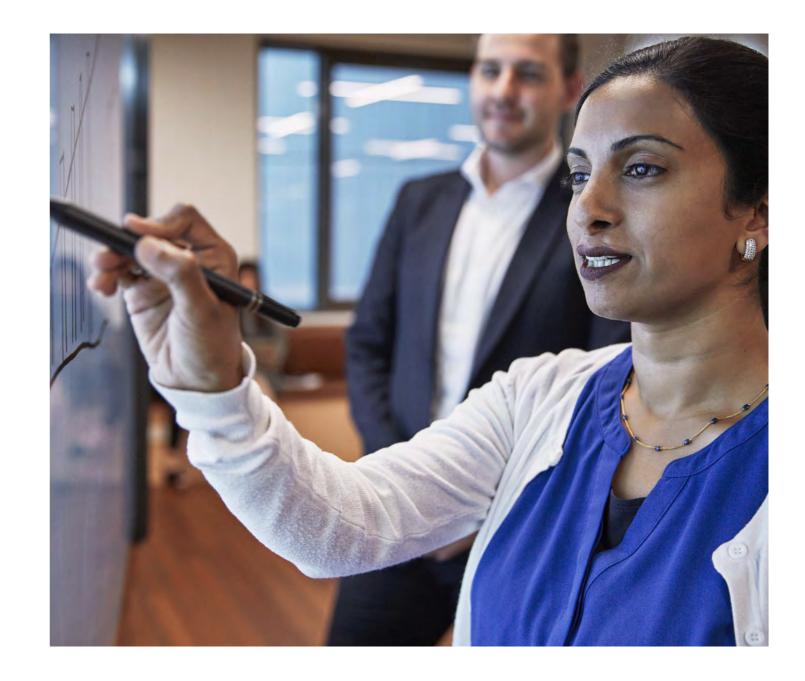
We are currently formalising oversight and management responsibility for climate-related risks at Fund levels. We recognise our fiduciary duty to always act in the best interests of those who place their money with us and see responding to the potential impacts of climate change as a key part of this.

Our Sustainability Policy outlines our commitment to playing a leading role in achieving a sustainable future and addressing climate change by,

"Assessing and incorporating the effect of climate change risk, adaptation and resilience into our investment and business decisions."

This year we have embedded stronger climate governance, to conduct effective oversight by having:

- established a Sustainability Committee, comprising Board and Executive Committee members, to provide direction on sustainability strategy across the business
- established a cross-business TCFD Working Group, with representatives from strategy, finance, transactions, risk and compliance and sustainability to guide our climate resilience strategy and TCFD approach
- prepared information materials for further Board engagement on our strategy and approach on climate resilience, TCFD and relationship to **ASX Corporate Governance Principles**
- reviewed Board charters for inclusion of climate-related risks
- reviewed climate risk within our risk registers.



TCFD roadmap

Our climate resilience strategy recognises the potential for our assets, operations and developments to be impacted by climate change.

Over the past year we have developed a roadmap to align with the recommendations of the TCFD.

Development of climate scenarios Gap analysis

Climate scenario development commenced in 2020 and ongoing.

Governance - training, responsibilities and risks

Governance training commenced in 2020 and ongoing.

Responsibilities and risk identification underway.

Low carbon economy scenario implementation

Implementation of net zero pathway and addressing transition risks and opportunities.

Quantification of risks

Yet to commence.

FY20

Implementation pathway

TCFD Working Group established in 2020 to set an implementation pathway.

Physical and transitional risk and opportunity identification

Physical risk identification commenced 2016 and ongoing.

Transition risk identification commenced 2020 and ongoing.

Target setting

Sustainability targets under review.

Business-as-usual scenario implementation

Physical risk exposure assessments ongoing as portfolio grows.

Climate change adaptation planning and implementation ongoing.

Disclosure in alignment with TCFD

Preliminary disclosure

Completed the TCFD

gap analysis in 2019.

About us

Governance

UNGC **GRI** index Assurance

in 2019 and ongoing.



FY20 highlights

Our approach

Performance data

Assurance Contact us

GRI index

Strong communities

Through our people, assets and investments we contribute in a significant way to inclusive, sustainable economic growth and technological innovation. We provide equal employment opportunities and decent work for all our people across our operations, assets and developments.

Charter Hall's commitment to creating safe, open and inclusive environments for our employees, partners, customers and communities aligns with the United Nations Sustainable Development Goal 8: Decent Work and Economic Growth, which aims to promote inclusive and sustainable growth, and full and productive employment and decent work for all.

The material issues we have prioritised demonstrate our support for building inclusion through employment by creating jobs, guaranteeing rights at work, and ensuring our people enjoy working conditions that are safe, allow adequate free time and rest, and take into account family and social values.

Our approach to building strong communities is specifically focused on SDG targets 8.3, 8.5 and 8.6:



Call for activities that support decent job creation, entrepreneurship, creativity and innovation; substantially reduce the proportion of youth not in employment education or training; and achieve equal pay for work of equal value.



\$933,000

donated to the community through our partnerships, including \$500,000 for bushfire relief and recovery

2,000

hours of employee volunteering





93%

employee engagement score



45,000+ sqm

in Pledge 1% space, valued at **\$1.9 million** provided for community use

Community

Building inclusive communities and creating employment opportunities is the focus of our community investment approach.

Our community investment, aligned to Pledge 1%, is targeted at our people, places and partnerships supporting programs that directly contribute to supporting disadvantaged people and providing training, employment and housing. Our investment also seeks to support the resilience and renewal of fire- or drought-affected communities.

This year we continued to support our partners and expanded our partnerships in response to the devastating Australian bushfires. We reviewed our community investment approach and identified that the creation of meaningful employment provided a pathway to address social issues impacting communities in which we operate. This will now be the focus of our community investment.



How we measure progress:

Community

FY20 Targets

Continue Pledge 1% of Our People, Our Places, Our Partnerships.

Employment strategy for all developments.

National partnerships that build inclusion through employment within our local communities.

What we achieved

We continued the implementation of our Pledge 1% resulting in \$933,000 donated to the community through our partnerships, including \$500,000 for bushfire relief and recovery.

Employees gave 2,000 hours in volunteering. Our places donated over 45,000sqm in space, valued at \$1.9 million provided for community use.

We reviewed our Community Investment strategy focussing on creating meaningful employment through our community and social enterprise partnerships that create employment in our operations and developments.

FY22 Targets

Pledge 1% targets:

- People: 3,000 hours
- Place: up to 1% of underutilised space provided to community and/or health and wellbeing outcomes
- Partnerships: national partnerships established to create meaningful employment outcomes

Social sustainability strategy.

Employment projects in new large developments.

FY25 Targets

Pledge 1% targets:

- People: 6,000 hours
- Place: up to 1% of underutilised space provided to community and/or health and wellbeing outcomes
- Partnerships: create
 250 meaningful
 youth employment
 outcomes, tracking to
 500 youth employment
 outcomes by 2030

Create a national network of innovation enterprises.

Sustainability Report 2020

CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

Community investment outcomes

Through our partners, Charter Hall has supported a range of employment and training outcomes in FY20, utilising our Pledge 1% through our operations, developments, people and spaces.

To drive innovation and encourage young talent into the property industry, we continued to support the Foundation for Young Australians Young Social Pioneers Program. This year we mentored 15 young social pioneers who had created social enterprises that address youth unemployment; increasing women in STEM education, traffic congestion; health and domestic and family violence.

The Charter Hall Young Social Pioneer for FY20, was Jason Mok from Good Cycles, a social enterprise creating jobs and reducing youth unemployment through a range of enterprises in Melbourne. Geelong and Sydney specialising in retail, asset management, maintenance and logistics.

We also continued our support for the Property Industry Foundation to increase the availability of transitional housing for homeless youth through the PIF House Program.

Our office developments have continued their employment in construction programs with our builder partners, and their subcontractors, providing ongoing training and employment on our construction sites.

In our industrial & logistics portfolio we have a partnership with the PAYCE Foundation's Kick Start program, a social enterprise which supports youth facing barriers to employment.

Community investment strategy

This year we revised our community investment framework to support meaningful employment within our local communities, as a means to address social issues impacting our communities.

With the onset of COVID-19, our emphasis has narrowed to focus on meaningful employment for young people, who have been identified as the most vulnerable group to experience unemployment and underemployment.

The Centre for Social Impact¹, identified that the economic shocks resulting from COVID-19 "...have resulted in disproportionate disruption to youth employment, and outlines how younger people will be more likely to face deeper impacts in their employment with consequent social impacts in years to come."

In July 2020, the Australian Bureau of Statistics identified the unemployment rate at 7.5%, while the rate for young people aged 15-24 years old was at 16.3%, more than double the total unemployment rate.

As a member of the property industry, one of Australia's biggest employers, and with a footprint in over 100 communities across Australia, we can influence meaningful employment outcomes in our developments and operations to address these challenges.

Our community investment strategy seeks to partner with social enterprises that have focussed programs of service in the regions and communities we operate. Through our partnerships we are seeking to enhance economic participation of young people and to create a national network of innovation enterprises.

Our vision

To create better futures for our communities by supporting training and job opportunities.

Our target

To build 500 meaningful employment outcomes for young people across Australia by 2030.

Creating opportunities for others to prosper

Our relationships with Kick Start and Two Good mirror our philosophy that everyone has the right to go further. Both organisations give people powerful new starts that change how they see tomorrow.

Kick Start is an initiative of the PAYCE Foundation that provides new skills to young people who are finding it difficult to gain employment.

The initiative enables them to gain valuable qualifications (Certificate III in Hospitality) through a pathway program that teaches them barista skills and how to operate a mobile food trailer café.

The program also provides trainees six months employment and then supports these young people into further career or learning experiences.

Our support for Kick Start cafés through a partnership with our industrial & logistics team helps the cafés work towards a business model that is sustainable and replicable

This model also enables us to improve the amenities at our facilities.

The partnership commenced with one trailer cafe at our Woodpark Logistics Estate in Smithfield. We then expanded to another two cafés at our Prestons and Wetherill Park developments, catering for the construction workforce and future tenants.

Two Good has been helping vulnerable women who have experienced domestic violence for more than ten years. We have worked with them successfully for three. This year, for example, 200 of our people volunteered to distribute 6,500 Two Good cookbooks through our retail centres. The proceeds funded employment for women in the Two Good Work Work program.

But the onset of COVID-19 impacted the organisation significantly. Their highly successful catering and corporate team-building businesses. that had helped feed and employ so many people, came to a halt.

Two Good's situation coincided with us needing to looking after our own people. Two Good pivoted - producing hundreds of Care Packs that helped lift our people's spirits as they worked from home. Two Good also produced hand sanitiser and masks for us to use in our buildings when our people did come back to our offices. That work in turn has generated not just muchneeded revenue but also life-changing employment opportunities for women sheltering from domestic violence.

Kick Start

has graduated 4 trainees and currently employs 2 trainees across two Charter Hall sites generating 2,628 employment hours

Two Good

Our partnership with Two Good has generated 468 employment hours for 17 women in the Work Work program





1. The Centre for Social Impact (May 2020) "COVID-19 and Youth Unemployment: CSI Response" https://www.csi.edu.au/media/uploads/csi_fact_sheet_social_covid-19_youth_unemployment.pdf

UNGC About us Assurance Environmen Sustainability Report 2020 FY20 highlights Our approach Performance data **GRI** index Contact us

Customer

Creating inclusive places and engaging experiences for our customers.

Digital channels are a powerful accompaniment to busy lives, but they are no substitute for placemaking and deeper connectedness. At the heart of our success lies our ability to use technology and create spaces that strengthen collaboration by bringing people together, both physically and online.

People connect with environments that make them feel welcome. Our convenience-based retail centres for example revolve around the communities that think of our centres as part of who they are. Our industrial & logistics and office buildings create their own sense of place and make it possible for teams to work in ways that are effective and competitive. In 2020, we've succeeded for our customers and investors because we've focused on our priority: meeting the very human need of our customers to support, feel supported and achieve good things together, as communities.

How we measure progress:

Customer

FY20

Targets

Customer place experience measures implemented across the portfolio.

Stakeholder engagement plans prepared for 100% of developments.

What we achieved

Retained/increased high customer engagement scores from our tenant customer surveys.

Customer place experiences in our assets. Office community and wellbeing activations through the Charli app and events. Retail community activations in centres promoting health and wellbeing.

Surveys and engagement to support customers continuing to work and returning to work from COVID-19 lockdowns.

Stakeholder engagement planning and implementation undertaken for all office and retail developments, addressing construction issues and engaging the community in a range of initiatives and information on the developments.

FY22 Targets

Customer experience strategy.

Ongoing stakeholder engagement in our developments.

FY25 Targets

Ongoing place experience initiatives across our portfolio.

Enhanced customer satisfaction experience in our assets.

All large office and retail developments and assets have stakeholder engagement plans.

Office portfolio

By engaging and collaborating with our tenant customers, we have implemented a range of unique, memorable and rewarding experiences across the office portfolio.

Our workplace experience app Charli delivers relevant news, learning, events and cultural initiatives to our tenant communities nationally. The app now covers 30 properties and over 8,000 users, with a monthly average of over 1,800 active users.

Recognising workplaces as an enabler of building community connection, we provided our office customers with:

- interactive thought leadership classes, both in person and virtual
- opportunities to participate in community giving and volunteering activities to raise money for charity and give back to our communities
- on-demand and on-site fitness classes and mindfulness sessions and an inter-office ping pong tournament
- expanded contactless ordering via the Charli app for our on-site retailers and café operators
- events such as Valentine's Day, Easter, Lunar New Year and International Women's Day
- sustainability series of events, activities and podcasts, that addressed waste, renewable energy, community innovation and sustainable food

In FY20 we launched 'ReCharge' by Charter Hall, our workplace wellness platform that is designed to renew, refresh and recharge our office tenant communities to improve their work day. ReCharge is available within our properties and enabled virtually through the Charli app:

- ReCharge events wellbeing talks, nutrition guidance, walking groups and other wellness related initiatives
- ReCharge classes mindfulness, meditation, fitness and yoga classes are available in our properties or 'on-demand' via the app
- ReCharge end-of-trip facilities helps make the transition between
 the commute, work day and lifestyle
 a seamless experience, located in
 over 60 properties nationwide

 ReCharge places - our workplaces integrate engaging shared spaces that help facilitate ongoing wellbeing beyond the boundaries of the desk

During COVID-19, we also worked with those customers requiring continuity of operations during restrictions to enable them to operate safely and in accordance with Government directives.

Industrial & logistics portfolio

A key focus during the year has been to partner with our tenant customers to improve our communication and better understand their businesses and future property needs. We reviewed lighting, solar and water-saving initiatives. We also undertook a portfolio review to determine the suitability of wellbeing initiatives such as cafés, bicycle facilities and outdoor areas and began work on a wellbeing guide for the industrial & logistics portfolio.

In addition to our welcome and engagement initiatives, meetings, catchups and events, we have appointed dedicated customer-account managers to ensure a more consistent approach to engagement, particularly with those who have multiple tenancies across the Charter Hall portfolio.

As a critical business supporting distribution networks across Australia during COVID-19, we worked closely with our industrial & logistics tenant customers to support their needs.

Many of our industrial & logistics tenant businesses were designated essential services during COVID-19 and we worked with our customers to meet additional space needs in warehouse and distribution activities. Some of the food production and distribution businesses required short-term or extended network logistics spaces as a result of the significant focus on freight and shift to online and e-commerce.

Retail portfolio

Our retail centres are woven into the very fabric of the communities they serve. They become the places that people meet and shop; the places where locals feel right at home.

With our customers, we support a range of local and national community programs. This year, our shopper programs focused on growing a

sustainable future and enriching the communities in which we operate. Across Australia, 18 Charter Hall shopping centres partnered with 70 local primary schools to create a greener future in their communities. 'Project: Green Schools', aimed to grow on individual school's current sustainability goals, enabling students to interact and understand their local environment and how they fit into the bigger picture. Our partnerships resulted in over \$69,000 of sustainability garden items donated to participating schools including compost bins, herb gardens and fruiting trees. This program also enabled us to work with our tenant customer Bunnings to provide the sustainable garden items.

With the onset of COVID-19 we moved our in-centre programs online, supporting parents in our communities. Through our websites and social media we ran a series of educational and fun programs to keep connected with our communities. "Playtime with Anna" was aimed at younger children and attracted 27,000 views – allowing us to maintain our connections with our shopper customers even when they couldn't physically be in our centres.

Our COVID-19 responses helped us forge a deeper sense of community with our tenant customers and with the wider community. We delivered goods to those working on the frontline, supported families working from home and partnered with our supermarket tenant customers to deliver groceries and other supplies to the elderly and vulnerable.

For more information on our support of our customers during COVID-19 see page 36.

27

Sustainability Report 2020

CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

Employee

Creating a culture and environment which enables our employees to give their best and maintain a positive attitude towards the organisation.

Our business is complex, multi-faceted and requires us to balance a range of priorities and viewpoints. Our response to these challenges has been to build dynamic environments that prioritise results over routine, and that encourage better conversations and decisions through broader thinking, people with diverse experiences, a healthy gender balance and more opportunities for participation.

Because we're better collectively for the contributions we make individually, our culture asks people to build from their core skills and find new career paths through rich learning and development opportunities. Inclusive and agile practices help teams feel productive. We want each person here to be surrounded by and supported by the best talent we can find.

How we measure progress:

Employee

FY20

Targets

Targets for female participation on Charter Hall Board ≥33.3%, in senior executive positions ≥33.3% and across the workplace 50%.

Diverse and dynamic environments where people belong.

Inclusive and personalised experiences that provide meaning and enable people to excel.

Continue to measure our inclusion through the AWEI survey.

Build our diversity through a focus on ability and First Nations.

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.

What we achieved

Female participation on the Charter Hall Board of 28.6% (Executive and Non-Executive Directors), in senior executive positions 30.4%, and across the workplace 54.6%.

Recognised by the Women's Index (Future Super) as one of the leading ASX listed companies to demonstrate gender equality.

Grew our LGBT+ network nationally and improved our ranking on the (AWEI).

Supported industry initiatives such as Workplace Responses to Domestic and Family Violence and the National Inquiry into Sexual Harassment in Australian Workplaces.

Increased employee engagement to 93%, 6 points above the global high performing organisations norm.

Enabled 97% of our people to go further to help Charter Hall succeed with the launch of a new learning platform.

FY22 Targets

Female participation on the CHC Board of ≥35%; in senior executive positions ≥35%, and across the workplace 50%.

Improved AWEI recognition for LGBT+ (>100).

Sustain engagement at global high performing organisation norms of ≥90%.

Encourage greater diversity through the development of workforce targets addressing age, culture and employment opportunities for vulnerable groups.

Increase focus on First Nations with an Innovate Reconciliation Action Plan.

FY25 Targets

Female participation on the CHC Board of ≥40%; in senior executive positions ≥40%, and across the workplace 50%.

Target workforce diversity in age and cultural background.

Sustain global high performing engagement.

The confidence to speak up

Charter Hall engages with a range of industry and national initiatives to build diversity and inclusion both in our business and across the property industry. We are a founding member of Grow with Industrial, an initiative of Women in Industrial (WIN), which seeks to attract diversity into the industrial & logistics sector and offer employment, educational and networking opportunities.

Through our membership of Pride in Diversity and the property industry initiative Interbuild we continue to grow our network of allies and LGBT+ employees nationally. This year we proudly increased our ranking in the AWEI and continue to create opportunities for a safe workplace where people belong.

With a change to the way diversity is calculated for ASX300 listed organisations this year to now include both Executive and Non-Executive Directors, we narrowly missed our Board gender target of 30% (actual: 28.6%; without Executive Directors 33.3%). In senior leadership positions these numbers continue to improve, and we are building a strong and capable talent pipeline.

Our continued involvement with the Property Council of Australia's 500 Women in Property has seen three more of our women participate in this mentoring and networking opportunity. These women have initiated innovations across our portfolio, including repurposing under-utilised retail space as a plugand-play office suite, benefiting freelancers and start-ups to create and scale their business, as well as developing a new rent model that better informs development valuations.



Alexa Krapeshils, a Financial Analyst with our office development team in Sydney:

"My aspiration is to grow into a senior leadership position and become a role model to help give other women the confidence to use their voices, to speak up, and to express their views. I feel very supported at Charter Hall to achieve this goal and I'm also excited by the growth in our industry."

Highly engaged, always learning

93%

say that their work gives them a sense of accomplishment Due to the changing nature of our workplaces in FY20, we regularly took the pulse of our people by capturing feedback on remote working, the transition back into the workplace and wellbeing. Our people appreciated our flexible working approach during this time and the way we were able to operate as one team, show genuine care and keep each other motivated when times were tough. Our engagement results were reflective of the hard work that we all put in to live our values and bring our best selves to the jobs that needed to be done. We saw a seven point increase on last year with 93% engagement; six points above the global high performing organisations norm.

2020 also saw the launch of 'Learning', an integrated, personalised learning platform for all employees to develop current and future skills and capabilities aligned to their development goals and career aspirations. Learning was designed to build upon all of the experience-based opportunities already available to our people, and couldn't have come at a more significant time when we went into lockdown.

Learning enabled us to stay curious and continuously evolve. It was key in helping us adapt to remote working and using digital technologies in new ways to stay connected, productive and well during lockdown.

CEO message FY20 highlights

About us Our approach Environment Social

Governance Performance data UNGC **GRI** index Assurance Contact us

Wellbeing

Nurturing the wellbeing and resilience of our employees and customers.

We believe that wellbeing is learned. When people feel they have some level of control, they are stronger, more resilient and more capable of making the decisions needed to perform at pace, over the long term. This year, providing our people with the resources and tools they need to approach each day with confidence, and supporting our customers to adapt clearly and quickly to their new trading conditions, has been crucial in helping those we care about better navigate uncertainty.

How we measure progress:

Wellbeing

FY20 Targets	What we achieved	FY22 Targets	FY25 Targets
Our targets sought to demonstrate the application of WELL building accreditation on all large Charter Hall work places and in new office developments and targeted NABERS IE targets for Charter Hall office buildings. Explore use of new technologies across the portfolio.	Charter Hall is an inaugural WELL buildings portfolio member and has registered buildings in CHOT and CPOF funds and all new Charter Hall tenancies in Brisbane and Melbourne. GPO Exchange and Wesley Place to complete their WELL ratings this year. New office developments are targeting WELL ratings. We piloted and achieved 5 NABERS IE ratings. The Charli app provided office customers and our employees to access a range of actual and virtual wellbeing programs and events.	WELL building accreditation achieved for all large Charter Hall workplaces and in new office developments. NABERS IE targets developed for Charter Hall office buildings. Co-use of new technologies across the portfolio.	WELL building accreditation sought for all large Charter Hall workplaces and in new office developments. Workplace Health and Safety framework embedded in the business.
Enhance employee wellbeing, with a focus on social and mental health. Inclusive culture – Individuals able to speak up, contribute and belong to something bigger than themselves. Suite of benefits – Supporting individual life stages and personal priorities.	Wellbeing strategy developed and initiatives delivered based on immediate need in the COVID-19 context. Partnerships commenced with Black Dog Institute, Banksia Project and Chelsea Pottinger resulted in a range of wellbeing activities provided to employees across Australia.	Managers and employees have skills to talk about mental wellbeing and support and be accountable for personal wellbeing plan.	Continue to evolve Wellbeing Strategy to adapt to the changing needs of the business.
In FY19 we set a target to update our Workplace Health and Safety framework.	Completed an external review of the Workplace Health and Safety Management System (WHSMS), framework and WHS culture.	Further embed WHS into our culture and capability of our people, and enhancing our processes, in particular our WHS assurance and management review processes.	Workplace Health and Safety framework embedded in the business.

Starting with the individual

Our wellbeing strategy is predicated on personal choice, so this year we provided a range of wellbeing initiatives for our people to 'opt into'. Developing high levels of self-awareness is fundamental for each person to realise their individual potential, work productively with satisfaction, and contribute to our community.

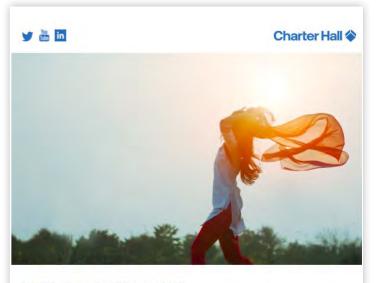
Early in FY20 we engaged with the Black Dog Institute to provide an evidence-based policy and practice review. Their review of our existing wellbeing initiatives informed the next stage of our wellbeing strategy, focused on proactive mental health prevention and building life-long skills to rise above daily challenges with the right attitude and energy for our people, tenants and investors.

Initiatives for our people this year included:

- 'Managing for Team Wellbeing' sessions in partnership with the Black Dog Institute. Facilitated by a clinical psychologist for all 160 people leaders nationally, the sessions focused on skills for managers to identify and address mental health challenges in their team. This included how to identify changes in behaviour, initiating conversations about mental health and making reasonable adjustments in the workplace
- 'Connection Rooms' in partnership with The Banksia Project, a not-for-profit organisation who work with mental health professionals on early intervention. These virtual rooms enabled small groups of employees to join a safe space over multiple sessions to connect, share and learn ways to build resilience and deal with change
- Wellbeing webinars with Chelsea Pottenger of EQ Minds, focusing on adjusting our mindset for resilience, focus and positive outlook. 80% of employees attended a session
- Launched an @home microsite including wellbeing tools and resources. This included online selfpaced programs for mindfulness, goal setting and high-performance habits, wellbeing podcasts and articles, and a range of virtual workouts
- Leadership support, including optional oneon-one coaching to develop plans focused on leading during change and ambiguity
- Financial 'health check' sessions with our superannuation provider Hostplus

I now actively listen and look for non-verbal cues to better understand what's going on in their lives. This has helped me build more empathy as a leader.

Manager, Team Wellbeing session



Well-being with Charter Hall

Our well-being program continues to evolve, providing you with support through COVID-19 and beyond. For us, well-being is a learned thing. We've built our approach around four essential skills. Growing these skills will not only help you to improve your personal well-being but they are also key attributes of high performance at Charter Hall.

Four well-being skills











Generosity

We're listening
Each of our surveys have been designed to check in on your well-being and to help us to respond accordingly. In our last survey, you told us what you've enjoyed and what you want more of, including:

- . Our EQ Minds well-being webinars were useful, and you want more

- Our EQ Minds well-being webmars were useful, and you want more
 The @home resources are great, particularly online workouts and meditation tools
 Some of you are experiencing increased anxiety around finances, health and overall uncertainty
 Spending more time with family and exercising has had a positive impact on your well-being
 Managers want more support in working with team members through this current phase of transitions, and uncertainty in general

These insights have informed our next steps

Attend webinar









Navigating life's Webinars with Chelsea challenges with Pottenger of EQ Minds the Banksia Project

Join Chelsea in this session on Returning to a 'new normal'. You'll learn about identifying silver linings, setting boundaries, staying committed to new habits and the link between gut and morally besith Not-for-profit group The Banskia roject, brings together mental health ofessionals and industry leaders to cilitate supportive and judgement-ee online communities called onnection Rooms.

Join your colleagues in this safe space We still have free access to the EQ Minds online programs available on @home

where over three sessions you'll connect, share and learn ways to build resilience, deal with change and plan for challenges. Session 1: Tuesday 16 June 11-12pr Session 2: Tuesday 30 June 11-12pr Session 3: Tuesday 14 July 11-12pm

Read more and register

Managing for Team Well-Black Dog Institute

Facilitated by not-for-profit mental health body the Black Dog Institut health body the Elack Dog Institute, these sessions are for our people leaders. You'll learn skills for supporting the mental well-being of your team, such as getting people back to work after an absence.

starting in late June

Invite to be sent directly

UNGC CEO message Assurance About us Environment Governance Sustainability Report 2020 FY20 highlights Our approach Social Performance data **GRI** index Contact us

Valuing our people

We've always prided ourselves on having a strong and open culture, where our people come together to support each other to be their best. In fact, 97% of our people would recommend Charter Hall as a good place to work.

The COVID-19 outbreak reinforced another aspect of the power of partnerships: the need to foster internal community - especially when people used to working closely together suddenly found themselves working from home.

We adapted quickly. Broadcast emails outlined our overall approach, as working situations and health advice changed. We created @home, a new microsite featuring a range of leadership, learning and support tools to assist our people to establish themselves in their home offices. Our expanded video conferencing and digital collaboration capabilities enabled continuity of business and connection with our customers across the country.

Really great to be in a safe space to talk about our current struggles, get tips and support from my colleagues through shared experiences.

Employee, Connection Room participant

To help safeguard wellbeing and foster connections internally, we undertook a range of other initiatives. Managers supported each other through shared experiences in 'Managing for Team Wellbeing' sessions facilitated by the Black Dog Institute, our Connection Rooms created a safe space for people to share their struggles and our teams came together on wellbeing webinars to build personal and collective skills for their mindset. We made sure people were aware that the Employee Assistance Program (EAP) was there should they need it. We even added a tailored manager EAP option and extended our EAP services to tenant customers in need, particularly across our retail network. We also built a vibrant Yammer community with our own employees running cooking classes, art classes and live storytelling for kids.

Sustainability was not forgotten. A trial version of the 'One Small Step' app offered tailored programs to help our people cut their carbon footprint, and to make green living simple, easy and fun.

Our social enterprise partner Two Good also ran virtual cooking Masterclasses for teams to cook and then share a feast, virtually.

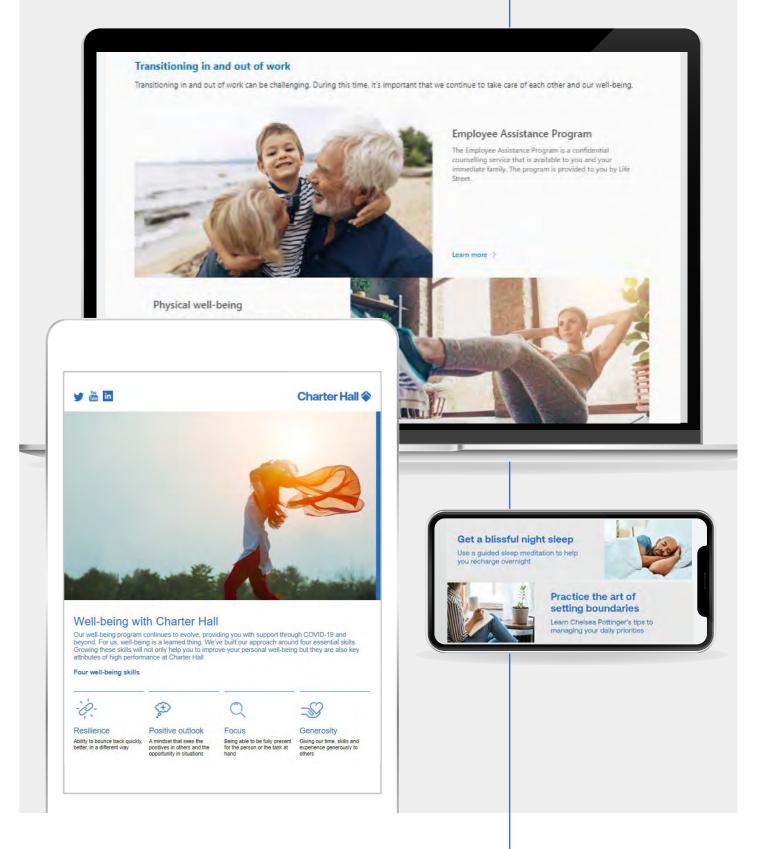
We quickly recognised that the stresses produced by COVID-19 were particularly significant for those trying to juggle family and care commitments, with disruptive changes not just to daily routines but also working conditions. We offered wellbeing for kids programs for our employees' children including a school holiday program, and a range of online creative, learning and physical activities. A 'Working From Home With Kids' guide supported those juggling home schooling and working.

of our people reported 'Good' or 'Excellent' levels of wellbeing when measured during COVID-19

As it came time to return to our offices, working across multiple jurisdictions meant we had a state-based return to our workplace. We provided guidance, in line with state and national health advice, on how to do that, and guides, tailored to each office, explaining what to expect. Employee surveys during this time helped us understand what our people would need.

Even now, not all our people have returned to our offices, and we continue to engage with everyone across faceto-face and digital channels through a range of initiatives and activities.

Perhaps our strongest learning from all this has been the value of communities and a sense of belonging. Our people have gained a better understanding of each other from entering their home via video calls and showed strength and resilience in providing each other with the support they needed.



About us Our approach Environment

Performance data

UNGC **GRI** index

Assurance Contact us



CEO message FY20 highlights About us Our approach Environment Social

Performance

UNGC GRI index Assurance Contact us

>

Governance

The way we do business is guided by our purpose, values and standards. At all times we seek to have a supply chain that is sustainable and that we behave ethically in our relationships with stakeholders – from local communities and suppliers to tenants, employees and securityholders.

Our approach to responsible business practice aligns with the United Nation's Sustainable Development Goal No 16: Peace, Justice and Strong Institutions, which seeks to promote peaceful and inclusive societies and provide access to justice for all.

The material issues we have prioritised demonstrate our support for this goal and for transparency, accountability, the rule of law at national and international levels and the protection of fundamental freedoms.

Our business response to the extraordinary challenges presented by the COVID-19 pandemic built on our strong relationships with our customers.

Our Governance approach is specifically focusing on targeting SDG 16.6:



"Develop effective, accountable and transparent institutions at all levels."



101



priority 1 suppliers invited to complete a modern slavery pre-qualification survey¹



of priority 1 suppliers surveyed understand the basic facts around modern slavery and have a general **awareness**¹



1. Source: Property Council of Australia, Informed 365 portal.

Responsible business

As a member of the Ethics Alliance, we work to "lead, inspire and shape a better way of working, and a better future", to address the material issue of "conducting our business activities in line with the highest ethical standards, as well as complying with all relevant regulations".

How we measure progress:

FY20 Targets	What we achieved	FY22 Targets	FY25 Targets
Monitor and maintain high ethical standards and establish benchmarks for improvement.	Partnership with The Ethics Alliance has further built on our high ethical standards. Embedded ethics into policies and practices across our employer lifecycle, from onboarding to development and performance.	Ethics and good decision making training for all employees.	Responsible and ethical investment framework.
Build on Risk Culture Index of 81%.	Alignment of our standards with the global Willis Towers Watson risk culture framework. Achieved 81% on the Risk Culture Index, which is 13% above Australian norm and 1% above global high-performance norm. We commissioned a new protected disclosure service provided by an external firm for staff to report any matters of concern and delivered training to all staff on its availability and use.	Build on strong risk culture of 80%+ and continue to strive for risk management excellence.	Build on our Risk Culture Index.
Automate compliance monitoring systems.	Reviewed and selected a new risk and compliance system to be implemented in FY21. Integrated consistent governance procedures across all managed funds with all policies and charters disclosed in the Corporate Governance section of our website. (All Charter Hall managed funds adopt these policies and procedures.)	Implement risk and compliance system for automated data collection and reporting.	Continuous improvement and refinement of risk management frameworks across all risks, including workplace health and safety.
Compliance training for our people.	Refreshed training modules and achieved 100% of employees participating in risk and compliance training.	100% employee participation in risk and compliance training.	100% employee participation in risk and compliance training.

32

Sustainability Report 2020

CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

Responsible supply chain

We are committed to a responsible supply chain and preventing and addressing human rights and modern slavery. This commitment is fundamental to what we stand for.

We believe everyone deserves to be treated equally and with dignity, that freedom from slavery is a fundamental human right, and that we have a responsibility to act ethically and respect human rights in our operations and supply chains everywhere. This is fundamental to our purpose, which is to create better futures and ensure mutual success for our customers, employees and everyone engaged in our supply chain. We seek to establish partnerships that ensure positive outcomes for all.

While supply chains generate financial growth, employment, skill development and technology transfer, the presence of pervasive human rights violations, like modern slavery, and impacts on the environment present a real risk over the long term. According to the research and policy centre, Anti-Slavery Australia, only one in five victims of slavery are identified. That means that 80% of victims do not get the support they need and remain in slavery in Australia.

Our supply chain is diverse, supporting both the operational management and development functions of our business. Significant Charter Hall partners that are considered in the priority 1 category for modern slavery, include suppliers of services required to operate our building portfolio, such as cleaning, security and facilities management. The development and capital works supply chain also considers labour management and materials in this category.

How we measure progress

FY20 Targets	What we achieved	FY22 Targets	FY25 Targets
Human rights framework implemented across Charter Hall assets, developments and operations.	Implemented our Human Rights Framework across our operations and developments. Conducted employee communication and education programs on modern slavery and application to our business.	Supply chain strategy approach including deep dives and audit processes.	Integrated sustainable supply chain and management strategy across all assets and development.
Engagement with our supply chain on Australian modern slavery risks and legislative requirements.	To enable us to meet this target, we: - created a modern slavery grievance and remediation process - established a supplier reporting platform and an onboarding procurement process - continued to partner with industry groups to implement an industry-wide approach to addressing modern slavery risks - audited our cleaning contracts - launched a supplier portal and employee e-learning module about our human rights and anti-slavery commitments.	Ongoing engagement and screening of our supply chain.	Tier 1 supply chain screened for human rights and modern slavery considerations.
Publish annual UN Global Compact and Modern Slavery Statement.	As a signatory to the UN Global Compact, our business is committed to upholding universal principles on human rights, labour, environment and anti-corruption and to consider how we can contribute to broader global objectives such as the UN Sustainable Development Goals. To view our annual Communication on Progress that describes practical actions we are taking to implement its ten principles across human rights, labour, environment and anti-corruption, see page 61.	Publish annual UN Global Compact and Modern Slavery Statement.	



Addressing modern slavery

When the Modern Slavery Act 2018 came into effect on 1 January 2019, Charter Hall already had a number of initiatives underway to address and eliminate human rights and modern slavery risks in our operations and supply chain.

Importantly, we had developed a governance framework, guided by our Human Rights and Modern Slavery Working Group, to outline our approach to risks and impacts in our operations.

The Working Group is responsible for assessing and managing slavery risks and developing the strategies and initiatives that are then integrated into the broader business.

The group comprises representatives from risk and compliance, procurement, operations and development, legal, people and sustainability. It is chaired by our Head of Sustainability and Community, sponsored by our Chief Finance Officer and Chief Experience Officer and reports to the Board on the progress and implementation of initiatives. Where a human rights or modern slavery risk has been identified by employees, the Working Group investigates and seeks solutions, guided by our relevant internal processes.

The Working Group has three core focus areas:

- Governance: our approach to managing our policies, procedures and practices and reporting
- Procurement: understanding our supply chain risks and working with suppliers to manage and mitigate them
- Education: providing our employees and suppliers with an understanding of human rights, modern slavery and how we can work together to provide solutions



Governance

While the Working Group oversees our engagement with our supply chain and our broader activities to eradicate modern slavery, all employees have day-to-day responsibility for supporting our efforts.

Charter Hall will be preparing a Modern Slavery Statement, in accordance with the Australian Modern Slavery Act 2018, in early 2021.

We continue to develop our modern slavery risk management programs and procedures in the coming year and strengthen our engagement with suppliers to this end. We will establish further policies and procedures that help us collect consistent information to support these efforts.



Procuremen^a

Charter Hall continues to play a central role in the property sector's response to modern slavery, with two of our employees co-chairing the Property Council of Australia's Modern Slavery Working Group. We were among 18 property companies that developed and piloted the Property Council's Informed 365 portal, launched in October 2019, to help members engage suppliers in combating modern slavery. In addition to providing access to a prequalification process for suppliers, the platform provides educational programs to mitigate risks associated with modern slavery.

Charter Hall's supplier risk assessment identified 101 priority 1 suppliers who were then invited to participate in a supplier pre-qualification process. Nearly two-thirds (64%) have completed or commenced this process. The remainder of our suppliers will be invited to participate in this process during the course of FY21.

Key insights into our priority 1 suppliers who completed the survey include:

84% of suppliers understand modern slavery and have a general awareness of where it may exist in their supply chains

24% provide training to employees and their suppliers on human rights and modern slavery issues

have identified as a 'reportable entity' under the Australian Government (Commonwealth) Modern Slavery Act 2018, the NSW Modern Slavery Act 2018, or under modern slavery legislation in another jurisdiction

All new suppliers and contractors are required to sign our Supplier Code of Conduct. The code is also included in our large contract tender documents.

To better understand practices in our supply chain we have engaged closely with cleaning and security suppliers, in response to employee concerns.

Charter Hall is an adoptee of the Cleaning Accountability Framework (CAF), designed by Australian Super, and one of our general managers sits on the CAF Advisory Committee. In 2019/20 we conducted an inaugural audit of labour management and practices of our cleaners across four office buildings. The audit found one breach, which Charter Hall, CAF, the cleaning company and the employee have worked together to address and rectify.

In addition, Charter Hall worked with one of our security contractors to address an issue raised by an employee through our notification processes.



Education

To-date, Charter Hall has educated employees through the following initiatives:

- Employee broadcast communications on modern slavery risks and responsibilities
- Face-to-face presentations
- Development of our e-learning module on human rights and modern slavery
- Development of the Charter Hall Modern Slavery Guidelines

These initiatives have resulted in:

100% of employees being communicated to on the risks and responsibilities relating to human rights and modern slavery

100% of employees completing training on human rights and modern slavery issues

Charter Hall will further strengthen its modern slavery risk management efforts in the coming year, reporting on our Modern Slavery Act Statement and continuing to educate employees and suppliers about the issues involved.

Vigilance is the key to combatting modern slavery

We believe everyone deserves to be treated equally and with dignity. Freedom from slavery is a fundamental human right, and we have a responsibility to uphold that principle throughout our operations and supply chains.

A business of our size and scope requires multiple partners to operate our building portfolio nationwide, including cleaning, security and facilities management staff. Our development supply chain too comprises construction companies and their suppliers. We have an ongoing responsibility under the Australian Modern Slavery Act 2018 and our own ethical principles to ensure that all of these relationships uphold the highest standards of human rights.

66

Reporting and decisive actions are key to protecting the rights of vulnerable staff.

This year, it came to our attention, through our Whistleblower hotline, that contractors at one of our suppliers had not received their superannuation payments. We immediately notified the company, and they started an internal investigation. It turned out the superannuation payments for four staff had inadvertently not been set up when they joined the company.

This whole situation was raised, investigated and resolved in partnership with our supplier within two weeks using our grievance and remediation processes. The payments were activated and an audit identified that no payments had been missed. We also asked for all employment documents to be checked to ensure all statutory requirements were being followed, which our supplier confirmed.

One of the reasons why we were able to do this so rapidly is that we very much see our suppliers as partners in our business. We expect them to work to agreed standards, but we also work with them to resolve matters together because we recognise that is in the best interests of all parties. Our goal is to help them grow with us – and that spirit of co-operation and mutual success comes to the fore when problems arise.

This particular oversight illustrates how quickly a situation can develop that could compromise the earnings of vulnerable people, and why reporting and decisive actions are key to protecting the rights of vulnerable staff.





As a signatory to the UN Global Compact, our business is committed to upholding universal principles on human rights, labour, environment and anti-corruption. Two of our employees co-chair the Property Council of Australia's Modern Slavery Working Group and all our new suppliers and contractors are required to sign our Supplier Code of Conduct. Charter Hall is also an adoptee of the Cleaning Accountability Framework (CAF), which addresses potential modern slavery issues in the cleaning industry.

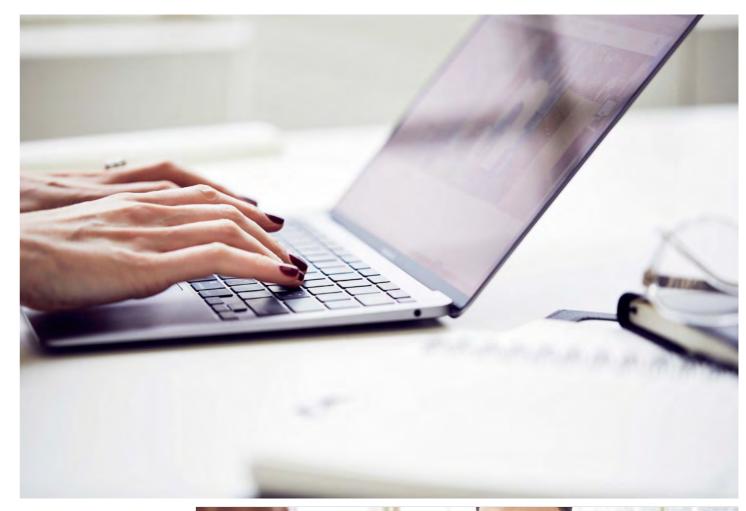
Environment

Actively protecting the privacy of individuals and companies

Data security and privacy is a growing concern for individuals, organisations and governments. We recognise this issue as a priority within Charter Hall.

How we measure progress

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FY20 Targets	What we achieved	FY22 Targets	FY25 Targets
Continued employee training and engagement on privacy, information security and governance.	100% employee engagement in training on privacy, information security, and governance.	Ensure continued employee engagement and training in privacy, information security and governance.	Training and engagement of supply chain partners who oversee operational technology across our property portfolio.
Ongoing management of our information security practices in alignment with the ISO 27001 framework and regulatory requirements.	Defined cyber security strategy, modelled on ISO 27001, and an associated multi-year continuous improvement enterprise security program. Applied strategy across operational technology in our property portfolio and engaged third-party specialist security services, including strategic advisory, penetration testing, assessment, threat detection and operational support.	Continue evolving our information security and privacy practices with a focus on data governance.	Information security and privacy practices fully embedded in our operations and continuously evolved to the changing threat landscape.
	Participated in the Property Council of Australia's Cyber Security Roundtable.		,





Sustainability Report 2020

CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

Our response to COVID-19

With the advent of COVID-19, we updated our materiality index to include infectious diseases. The onset of the global pandemic dominated our second half of the year as we focused on both strengthening our business and how we partnered with our customers to provide support.

We made key resources available during critical periods and had regular interaction with critical suppliers. We implemented appropriate technology and support for remote working, ensured security protocols were in place to monitor and mitigate risk, and built awareness across the company of the increased threat landscape and how to respond.

We engaged regularly with our investor community, with communications from the Managing Director & Group CEO and our fund managers informing wholesale investors of our response and the actions undertaken to ensure the safety of our employees, places and visitors. Understandably, we also had multiple requests for information about our operations, risk controls and the financial impact on our funds and partnerships.

We issued a market update in May to all Charter Hall investors on COVID-19-related operating and financial impacts across the business. We continue to engage with our investor customers regarding the ongoing management of our assets and investments.

A range of initatives were created with our employees during COVID-19 which are outlined on page 30.







Welcoming back our customers

The COVID-19 pandemic has affected all our businesses in so many ways. Not surprisingly, there has been much uncertainty for people about returning to work and spending time in our buildings. Our response has centred on reassuring our customers and visitors that their safety and wellbeing is our first priority.

When we surveyed office tenant customers in May 2019, most indicated they had significantly reduced their workforce working onsite, with 64% indicating they would be returning in stages and nearly half saying they would be reducing "peak time" through staggering.

We are supporting our customers' return in a range of ways. Alongside frequent conversations and communications to keep companies updated, we have responded to their increased health and safety needs through supported infection control and social distancing signage. We also introduced a "Return to Work" guide that laid out in detail what we had done to prepare buildings and the initiatives companies could take to keep their people safe.



We took a safety first approach. Our priorities were the psychological and commercial wellbeing of the communities in our buildings, and the physical safety of their staff and visitors. We have also taken the opportunity to innovatively respond to new hygiene requirements. Our contactless access and thermal scanning initiatives are examples of how we are using technology in new and innovative ways to improve the bio-safety of our buildings.

For our retail customers, the shift in dynamic could not have been more dramatic. Our centres have shifted from encouraging people to visit, to using online and contactless experiences and carefully managing volumes of shoppers to maintain social distancing and overall safety for staff and customers. At the same time, while some specialty categories have seen visitor downturns, others have experienced increased volumes and even panic buying.

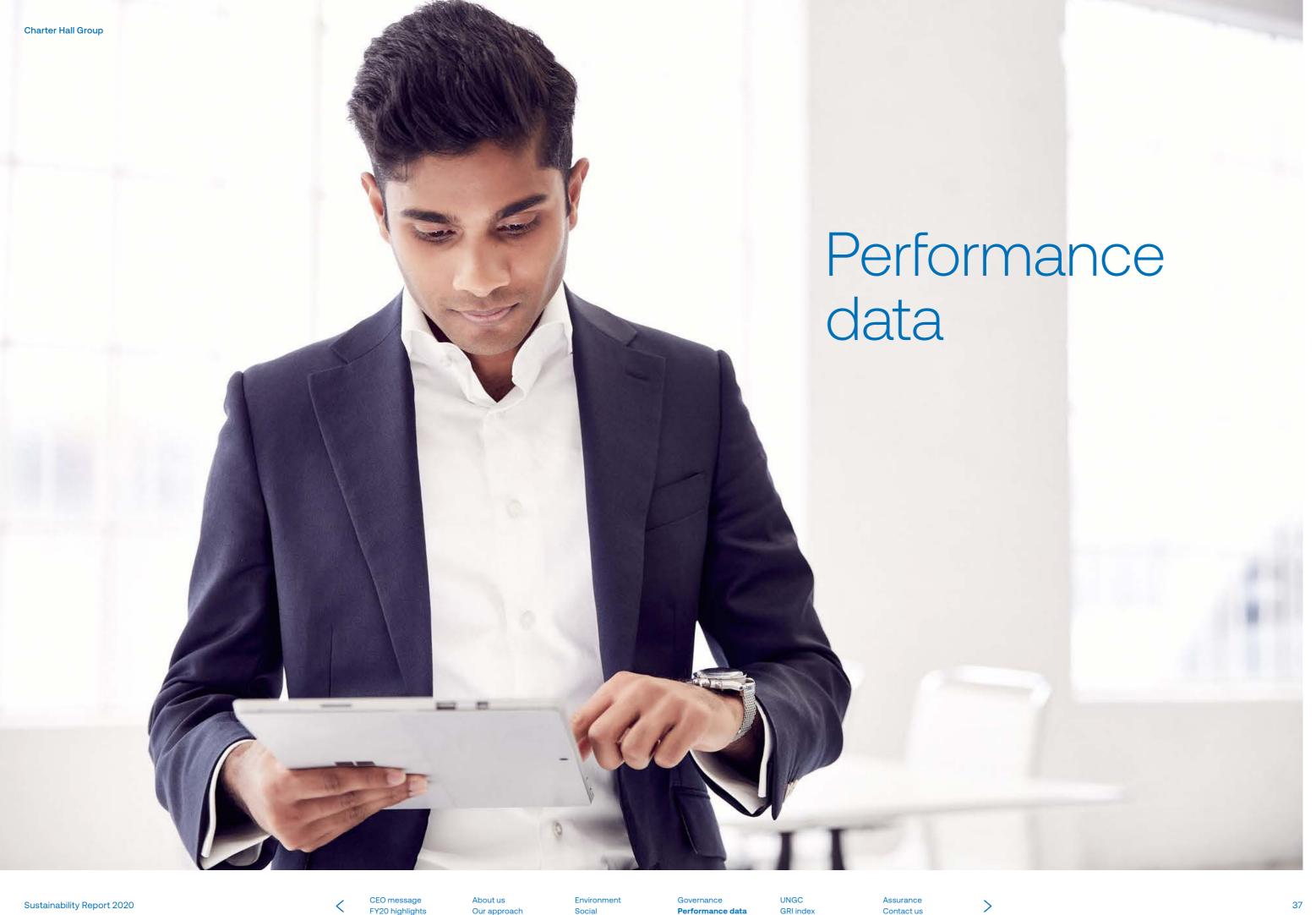
In parallel with operational changes to cleaning, sanitisation and security, our focus has been on supporting and reassuring our hardworking retail tenants. We've delivered consistent messaging across channels telling shoppers that we are aligning with different government jurisdiction requirements.

At the same time, we've looked to help our tenants find their voice. "Here to serve vou" was a great example. We produced a series of videos on social media in which fresh food retailers promote the heartfelt message that they are open, and they are looking forward to serving their customers. Having our tenants invite customers back to our centres added an original twist to the messages and helped our tenants feel they were taking proactive steps to rebuild and re-energise their businesses in the face of COVID-19. Our approach also recognised that in helping them to thrive, we were also ensuring our retail centres would succeed.

Our office team worked with Knight Frank to deliver surplus toilet paper from our offices to those in need via Meals on Wheels

Sustainability Report 2020

CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us





Asset ratings and certifications

Charter Hall align our building performance against national and international standards. The tables below outline our certifications against NABERS Energy, NABERS Water, NABERS IE, Green Star Design and As Built and WELL.

Office NABERS Energy Ratings

Asset Name	Fund	FY20	FY19	FY18
NSW				
1 Martin Place, Sydney	CHOT	4.5	4.5	4.5
1 Shelley Street, Sydney	CPOF	5	4.5	4.5
10 Shelley Street, Sydney	CPOF/DOF	5	5	
12 Shelley Street, Sydney	CPOF/PFA	5	5	
167 Macquarie Street, Sydney	CPOF	4.5	4.5	۷
2 Chifley Square, Sydney	CPOF	5		
2 Market Street, Sydney (forecourt)	CHOT	5	5	5
2 Market Street, Sydney (tower)	CHOT	5	5	5
2 Park Street, Sydney	CHOT	5	5	5
2-12 Macquarie Street, Parramatta	CHAIT	5.5		
201-217 Elizabeth Street, Sydney	DVP	4.5		
333 George Street, Sydney	CPOF	5	5	
7 Murray Rose Avenue, Sydney Olympic Park	CLW	5		
65 Berry Street, Sydney	CHOT	5	5	5
68 Pitt Street, Sydney	DOF	3.5	3.5	3.5
9 Castlereagh Street, Sydney	CPOF	4.5	4.5	4.5
NSW State Average		4.89	4.82	4.69
VIC				
1 Nicholson Street, Melbourne	DOF	4	4	
11-33 Exhibition Street, Melbourne	CPOF	4.5	4.5	4.5
150 Lonsdale Street, Melbourne ¹	CHOT	4.5	5	4.5
171 Collins Street, Melbourne	CHOT	5.5	5.5	6
200 Queen Street, Melbourne	DOF	4.5	4.5	4.5
242 Exhibition Street, Melbourne	CPOF	4.5		
300 La Trobe Street, Melbourne	CHOT	5	5	
55 King Street, Melbourne	CPOF	5	4.5	4.5
570 Bourke Street, Melbourne	CPOF	5	5	Ę
737 Bourke Street, Melbourne	PFA	4.5	4.5	
990 La Trobe Street, Melbourne	CPOF	5.5	5.5	5.5
•				

Asset Name	Fund	FY20	FY19	FY18
QLD				
143 Turbot Street, Brisbane ²	CCT	2		
175 Eagle Street, Brisbane ³	CHOT	2	4	4.5
28 MacGregor Street, Upper Mount Gravatt	CLW	5		
266 George Street, Brisbane	CPOF/BSWF	4	4	4
275 George Street, Brisbane	CPOF	5	5	ļ
32 Turbot Street, Brisbane	CCT	5.5	5.5	5.
56 Edmondstone Road, Bowen Hills ⁴	CLW		4.5	
61 Mary Street, Brisbane	DOF	5.5	5	
69 Ann Street, Brisbane	CPOF/DOF	4.5	4	4
83-85 George Street, Brisbane ⁵	PFA	4		2.
900 Ann Street, Brisbane	PFA/DOF	5.5		
QLD State Average		4.77	4.59	4.5
WA				
Optima A, 133 Hasler Road, Osborne Park	PFA/CLW	4	4	
Optima B, 16 Parkland Road, Osborne Park	PFA/CLW	5.5	5.5	
181 St Georges Terrace, Perth	DOF	4.5	4	3.
225 St Georges Terrace, Perth	CPOF	4.5	4	
233-237 Adelaide Terrace, Perth	CHOT	3.5	3.5	
300 Murray Street, Perth	CPOF/BSWF	5	5	
303 Sevenoaks Street, Cannington	PFA	5	5	
WA State Average		4.82	4.71	4.7
SA				
121 King William Street, Adelaide	PFA	5	5	
12-26 Franklin Street, Adelaide	DOF/CLW	5.5	5.5	5.
SA State Average		5.40	5.39	5.
TAS				
134 Macquarie Street, Hobart	PFA	2.5	3	;
Elizabeth St & Macquarie Street, Hobart ⁶	PFA		3.5	
TAS State Average		2.50	3.00	:
ACT				
16-18 Mort Street, Canberra	PFA	5		
44 Sydney Avenue, Canberra	PFA	4.5	4.5	4.
ACT Territory Average		4.79	4.50	4.5
National Average (Weighted by NLA)		4.81	4.77	4.6
National Average (Weighted by NLA)		4.01	4.77	4.0

^{1.} Year-on-year decreased due to low occupancy and refurbishment during the rating period.

CEO message About us Environment Governance UNGC Assurance Sustainability Report 2020 38 FY20 highlights **GRI** index Contact us Our approach Social Performance data

^{2.} Future development site.
3. Year-on-year decreased due to low occupancy during the rating period.

^{4.} Accreditation delayed due to extended rating review process.
5. In FY19 asset was exempt from NABERS Energy rating due redevelopment.
6. Rating delayed due to travel restrictions from COVID-19.



Office NABERS Water Ratings

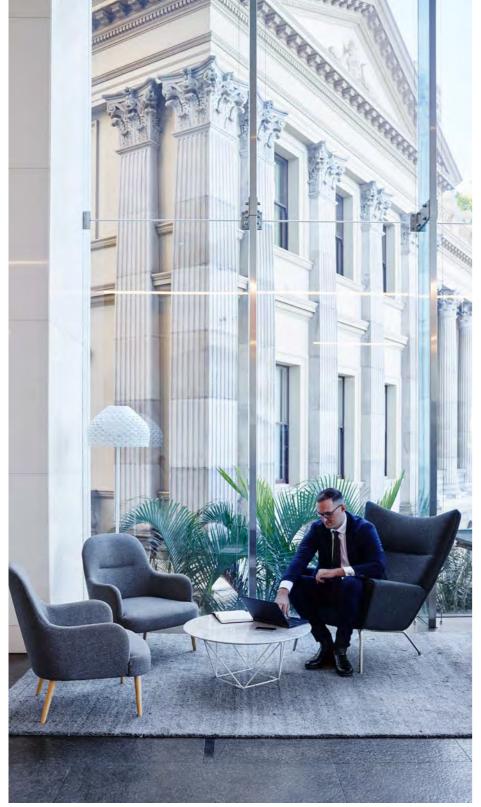
Asset Name	Fund	FY20	FY19	FY18
NSW				
1 Martin Place, Sydney	CHOT	3.5	3.5	3.5
1 Shelley Street, Sydney	CPOF	4.5	4.5	4.5
10 Shelley Street, Sydney	CPOF/DOF	3.5	4	
12 Shelley Street, Sydney	CPOF/PFA	4.5	4	
167 Macquarie Street, Sydney ¹	CPOF	0	1.5	2
2 Chifley Square, Sydney	CPOF	3		
2 Market Street, Sydney (forecourt)	CHOT	3	3.5	3.5
2 Market Street, Sydney (tower)	CHOT	3.5	3.5	3
2 Park Street, Sydney	CHOT	4	4	4
2-12 Macquarie Street, Parramatta	CHAIT	3.5		
201-217 Elizabeth Street, Sydney	DVP	3.5		
333 George Street, Sydney	CPOF	3	3	
7 Murray Rose Avenue, Sydney Olympic Park	CLW	5		
65 Berry Street, Sydney	CHOT	3.5	2.5	2.5
68 Pitt Street, Sydney	DOF	3	3	3.5
9 Castlereagh Street, Sydney	CPOF	3.5	3.5	3
NSW State Average		3.47	3.60	3.5
VIC				
1 Nicholson Street, Melbourne	DOF	3	2.5	3
11-33 Exhibition Street, Melbourne	CPOF	3.5	3.5	3.5
150 Lonsdale Street, Melbourne	CHOT	3.5	3.5	3
171 Collins Street, Melbourne	CHOT	3.5	4	4
200 Queen Street, Melbourne	DOF	5	4.5	
242 Exhibition Street, Melbourne	CPOF	4		
300 La Trobe Street, Melbourne	CHOT	3.5	3	3.5
55 King Street, Melbourne	CPOF	5	4	4
570 Bourke Street, Melbourne	CPOF	4	3.5	3.5
737 Bourke Street, Melbourne	PFA	3.5	4	
990 La Trobe Street, Melbourne	CPOF	6	6	6
VIC State Average		3.94	3.68	3.74

VIC State Average	;
1. Future development site.	

Asset Name	Fund	FY20	FY19	FY18
QLD				
175 Eagle Street, Brisbane	CHOT	3.5	4	4
28 MacGregor Street, Upper Mount Gravatt	CLW	6		
266 George Street, Brisbane	CPOF/BSWF	3	3	3.5
275 George Street, Brisbane	CPOF	4	4	4.5
32 Turbot Street, Brisbane	CCT	4	4.5	4.5
56 Edmondstone Road, Bowen Hills	CLW	4.5	4.5	4.5
61 Mary Street, Brisbane	DOF	4	4	
69 Ann Street, Brisbane	CPOF/DOF	4	4	4
83-85 George Street, Brisbane	PFA	4		
QLD State Average		4.02	3.98	4.04
WA				
Optima A, 133 Hasler Road, Osborne Park	PFA/CLW	2.5	2.5	
Optima B, 16 Parkland Road, Osborne Park	PFA/CLW	3.5	3.5	
181 St Georges Terrace, Perth	DOF	5.5	5.5	5.
225 St Georges Terrace, Perth	CPOF	4	4	3.5
233-237 Adelaide Terrace, Perth	CHOT	5	4.5	4.
300 Murray Street, Perth	CPOF/BSWF	4	3.5	4
303 Sevenoaks Street, Cannington	PFA	5.5	5	
WA State Average		4.31	3.98	3.8
SA				
121 King William Street, Adelaide	PFA	3.5	3.5	
12-26 Franklin Street, Adelaide	DOF/CLW	4	4.5	4
SA State Average	•	3.90	4.28	4
TAS				
134 Macquarie Street, Hobart	PFA	4.5	4	3.!
Elizabeth St & Macquarie Street, Hobart	PFA	5	•	
TAS State Average		4.50	4.00	3.
·				
ACT				
16-18 Mort Street, Canberra	PFA	4		
44 Sydney Avenue, Canberra	PFA	4.5	5.0	
ACT Territory Average		4.21	5.00	5.0
National Average (Weighted by NLA)		3.84	3.80	3.7



Office NABERS Indoor Environment Ratings





Asset Name	Fund	FY20
300 Murray Street, Perth	BSWF/CPOF	5.5
1 Martin Place, Sydney	CHOT	6
175 Eagle Street , Brisbane	CHOT	4.5
233-237 Adelaide Terrace, Perth (Eastpoint Plaza)	CHOT	3
2-12 Macquarie Street, Parramatta (Jessie Street Centre)	CHAIT	5



Clockwise from top right: No.1 Martin Place, Sydney NSW

Jessie Street Centre, 2-12 Macquarie Street, Parramatta NSW

175 Eagle Street, Brisbane Qld



Retail NABERS Energy Ratings

Asset Name	Fund	FY20	FY19	FY18
NSW				
Bateau Bay Square, Bateau Bay	RP2/CQR	4	4	4
Singleton Square, Singleton	CQR	5	5	5
Highlands Marketplace, Mittagong	RP1/CQR	3.5	3.5	3.5
Carnes Hill Marketplace, Carnes Hill	RP1/CQR	3.5	3	3
Campbelltown Mall, Campbelltown	CPRF	3.5	3	3
Rockdale Plaza, Rockdale	CQR	3		
Salamander Bay, Salamander Bay	CQR/CPRF	3.5	3.5	3.5
NSW State Average		3.70	3.60	3.60
VIC				
Lansell Square, Kangaroo Flat	CQR	3.5	3.5	3.5
Rosebud Plaza, Rosebud	CQR	3.5	4	4
Gateway Plaza, Leopold	CQR/CPRF	5		
VIC State Average		4.11	3.80	3.80
QLD				
Arana Hills Plaza, Arana Hills	CQR	5	5	5
QLD State Average		5.00	5.00	5.00
WA				
Waneroo Central, Waneroo	CQR/RP1	4		
Secret Harbour Square, Secret Harbour	CQR	3		
South Hedland, South Hedland	CQR	4	3.5	3.5
WA State Average		3.65	3.50	3.50
SA				
Brickworks Marketplace, Hindmarsh	RP1/CQR	4	4	4
Southgate Square, Morphett Vale	CQR	5	5.5	5.5
SA State Average		4.48	4.70	4.70
National AVERAGE (weighted by GLA)		4.10	3.95	3.90

Retail NABERS Water Ratings

Asset Name	Fund	FY20	FY19	FY18
NSW				
Bateau Bay Square, Bateau Bay	RP2/CQR	4	4	4
Singleton Square, Singleton	CQR	4	3.5	3.5
Highlands Marketplace, Mittagong	RP1/CQR	3	2.5	2.5
Carnes Hill Marketplace, Carnes Hill	RP1/CQR	1	0	O
Campbelltown Mall, Campbelltown	CPRF	3.5	3.5	3.5
Salamander Bay, Salamander Bay	CQR/CPRF	4	4	4
NSW State Average		3.40	3.20	3.20
vic .				
Rosebud Plaza, Rosebud	CQR	4.5	4.5	4.5
VIC State Average		4.50	4.50	4.50
QLD				
Arana Hills Plaza, Arana Hills	CQR	5.5	5.5	5.5
QLD State Average		5.50	5.50	5.50
WA				
Waneroo Central, Waneroo	CQR/RP1	5		
Secret Harbour Square, Secret Harbour	CQR	3		
South Hedland, South Hedland	CQR	4.5	4	4
WA State Average		4.16	4.00	4.00
SA				
Brickworks Marketplace, Hindmarsh	RP1/CQR	3	2.5	2.5
Southgate Square, Morphett Vale	CQR	5	3.5	3.5
SA State Average		3.97	3.00	3.00
National AVERAGE (weighted by GLA)		3.95	3.40	3.60



Green Star Certification

Asset Name	Fund	Rating	Tool
NSW			
1 Martin Place, Sydney	CHH	5 Star	Office Interiors v1.1
WSU, 1 Parramatta Square	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/DOF	6 Star	Office Design & As Built v3
1 Shelley Street, Sydney	CPOF	6 Star	Office Design & As Built v2
Lion Milk Distriubtion Centre, Chullora	CPIF	4 Star	Design & As Built v1.1 Design Review
Lake Macquarie Fair	CQR	4 Star	Design & As Built v1.1
1 Melito Court, Prestons Caroma National Distribution Centre	CPIF	5 Star	Design & As Built v1.1
Jessie Street Centre	CHAIT	4 Star	As Built v2
11 Murray Rose Ave, Sydney Olympic Park	SOP	5 Star	Design v3
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	Office Design & As Built v1.1
737 Bourke Street, Melbourne	PFA	4 Star	Office Design v2
QLD			
275 George Street, Brisbane	CPOF	5 Star	Office Design & As Built v2
900 Ann Street, Brisbane	DOF/PFA	5 Star	Office Design & As Built v3
Santos Place, 32 Turbot Street, Brisbane	ССТ	6 Star	Office Design & As Built v2
SA			
ATO, 12-26 Franklin Street	DOF/CLW	5 Star	Office Design & As Built v3
GPO Exchange, Adelaide	CPOF	6 Star	Office Design & As Built v1.1
Nile Street, Port Adelaide	PFA	6 Star	Office Design & As Built v1.1
WA			
Raine Square, 300 Murray Street, Perth	CPOF/BSWF	4 Star	Office As Built v2

WELL certification

Asset name	WELL rating	Date certified
Charter Hall workplaces		
Charter Hall Melbourne workplace ¹	Silver New and Existing Interiors	Dec-17
Charter Hall Perth workplace	Silver New and Existing Interiors	Dec-17
Charter Hall Brisbane workplace	Registered for WELL certification	
Charter Hall future Melbourne workplace	Registered for WELL certification	
Funds		
Charter Hall Office Trust (CHOT)	9 buildings participating in the WELL Portfolio program	
Charter Hall Prime Office Fund (CPOF)	25 buildings participating in the WELL Portfolio program	
Development Projects		
130 Lonsdale Street, Melbourne	Registered for WELL certification	
GPO Exchange, Adelaide	Registered for WELL certification	
555 Collins Street, Melbourne	Registered for WELL certification	
Innovation Quarter Westmead	Registered for WELL certification	
6 Hassall Street, Parramatta	Registered for WELL certification	
Breakfast Creek Road	Registered for WELL certification	
360 Queen Street, Brisbane	Registered for WELL certification	

42

^{1.} The Melbourne office is owned but no longer occupied by Chater Hall staff.



Environmental data

Background notes

These notes provide an overview of the environmental data provided in this report. All data is for the reporting period 1 July 2019–30 June 2020. 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, where we have operational control, 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 2 emissions according to our operational control boundary under the National Greenhouse and Energy Reporting Act 2017.

Emission factors for Scope 1 and 2 emissions are sourced from the NGER Measurement Determination–July 2019.

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 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 FY20, 30% of water has been estimated using this methodology.

This year we have also reported water consumed by our tenants in our industrial & logistics portfolio. While these assets are not in Charter Hall operational control, we use this information to work with tenant customers to influence their water usage. As such, we do not actively monitor usage patterns.

For our office and retail assets that are in Charter Hall operational control, 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 weighed data from scales, installed on site. Where weighed data is not available estimates for waste data are based on waste volume. We do not collect waste data from our industrial & logistics assets as this is directly managed by the tenant.

1.3 Intensity values

Intensity values are 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 are used, and in office Net Leasable Area (NLA) values are used.

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 & logistics assets.
Scope 3	Scope 3 (indirect) corporate travel emissions from flights.



43

Wesley Place, 130 Lonsdale Street, Melbourne VIC



Greenhouse gas emissions



ATO, 12-16 Franklin Street, Adelaide SA

The table below reflects the Scope 1 and 2 emissions total and intensities of our Funds with buildings under operational control as at June 2020. Funds that closed during FY20 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. Intensity trends across the funds reflect those described for each sector below.

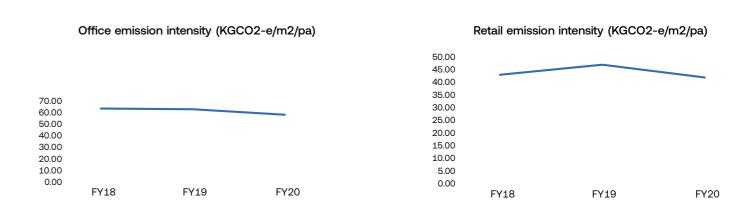
Commentary

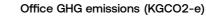
Charter Hall Group's emission intensity has decreased by 8% from FY19. This is attributed to ongoing energy efficiency measures across our assets and the acquisition of high efficiency assets. The impact of reduced occupancy in the last quarter of FY20 due to COVID-19 has also led to year-on-year decrease.

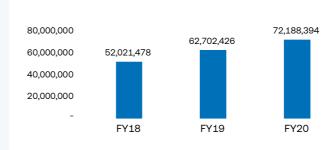
Our office portfolio decreased their emission intensity by 8%, this is despite a 15% increase in total emissions in the sector. This reflects the divestment of a number of buildings which were less energy efficient, the acquisition of more energy efficient assets, as well as a number of base building energy efficiency upgrades initiatives. In addition, the impact of reduced occupancy in the last quarter of FY20 due to COVID-19 has also led to year-on-year decrease.

Our retail portfolio decreased their emission intensity by 10% which is attributed to retaining high performing assets and disposal of lower performing assets. In addition, an increased focus on operational efficiencies and energy management has led to the year-on-year decrease.

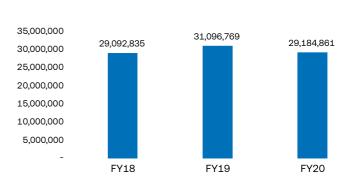
Scope 1 and 2 emissions







Retail GHG emissions (KGCO2-e)



Scope 3 Corporate air travel

In FY20 our Scope 3 emissions from air travel have decreased by 40% compared to FY19. This decrease is attributed to the travel restrictions due to COVID-19 in the last quarter of FY20.

Scope 3 GHG (t CO2e)	FY18	FY19	FY20	
Corporate travel (flights) ¹	1,158	1,282	778	

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



Emissions

Scope 1 & 2 GHG (kg CO2e) ^{1, 2, 3}	Fund	FY18 (kgCO2e)	FY18 NLA (sqm)	FY18 Intensity (kgCO2/sqm/pa)	FY19 (kgCO2e)	FY19 NLA (sqm)	FY19 Intensity (kgCO2/sqm/pa)	FY20 (kgCO2e)	FY20 NLA (sqm)	FY20 Intensity (kgCO2/sqm/pa)
Office										
Charter Hall Office Trust	CHOT	15,075,488	225,945	66.72	13,262,470	206,463	64.24	12,196,361	203,834	59.83
Charter Hall Prime Office Fund	CPOF	22,356,553	335,155	66.71	26,725,973	393,963	67.84	27,810,773	462,449	60.14
Charter Hall Direct Office Fund	DOF	6,314,599	83,197	75.90	8,028,635	128,105	62.67	7,839,998	138,833	56.47
Charter Hall Direct PFA Fund	PFA	2,724,484	60,177	45.27	5,038,706	103,995	48.45	5,955,020	135,015	44.11
Charter Hall Brisbane Square Wholesale Fund	BSWF	3,324,920	52,126	63.79	3,642,594	60,908	59.81	3,597,174	61,334	58.65
Charter Hall CCT Fund	CCT	1,024,492	20,640	49.64	3,490,110	55,469	62.92	3,282,038	55,469	59.17
Charter Hall Long WALE REIT	CLW	1,200,941	36,802	32.63	2,022,642	33,951	59.58	5,285,020	81,289	65.02
Charter Hall Deep Value Partnership	DVP				491,296	8,228	59.71	4,256,529	61,268	69.47
Charter Hall Australian Investment Trust	CHAIT							1,965,481	35,935	54.70
Office Total		52,021,478	814,040	63.91	62,702,426	991,081	63.27	72,188,394	1,235,425	58.43
Retail										
Charter Hall Retail REIT	CQR	19,414,777	508,028	38.22	19,708,463	489,200	40.73	18,497,193	504,329	36.68
Charter Hall Prime Retail Fund	CPRF	3,444,500	41,208	83.59	5,441,501	48,607	100.14	4,933,793	71,258	69.24
Charter Hall Retail Partnership No. 1	RP1	1,786,560	47,648	37.49	1,540,277	43,841	35.25	1,395,284	46,162	30.23
Charter Hall Retail Partnership No. 2	RP2	1,433,158	29,143	49.18	1,512,833	29,143	49.94	1,686,888	29,612	56.97
Charter Hall Retail Partnership No. 6	RP6	2,556,599	33,140	77.15	2,432,930	33,140	73.41	2,363,131	33,760	70.00
TTP Wholesale Fund	TTP	457,242	15,398	29.69	460,765	15,398	28.72	308,573	10,265	30.06
Retail Total		29,092,835	674,565	43.13	31,096,769	659,329	46.51	29,184,861	695,387	41.97
Industrial & logistics										
Industrial & logistics outdoor lighting		127,529	n/a		127,339	n/a		141,464		
Industrial & logistics Total		127,529			127,339			141,464		
Other⁴										
Diversified					732,725	25,776.67	28.43	936,382	46,570.00	20.11
Diversified Total					732,725	25,777	28.43	936,382	46,570	20.11
Charter Hall Limited (corporate offices)										
Corporate Offices		336,000.00			325,958			311,891		
Corporate Offices Total		336,000			325,958			311,891		

1. Calculated based on NGERS methodology - base building under operational control.
2. FY19 figures for all funds in office, retail and industrial & logistics outdoor lighting, diversified and corporate offices have been updated to provide a more accurate assessment based on invoiced data.
3. Emissions for some new sites that have come on in the last quarter of FY20 may not be included if at the time of reporting the data is not available.
4. Five 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.

CEO message About us Environment Governance UNGC Assurance 45 Sustainability Report 2020 FY20 highlights Our approach Social Performance data **GRI** index Contact us



Electricity consumption

The table adjacent reflects the electricity consumption and intensities of our Funds with buildings under operational control as at June 2020. Funds that closed during FY20 or prior years, have been excluded. Office and retail sector numbers include all buildings owned during FY20 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. Consumption and intensity trends across the funds reflect those described for each sector below.

Commentary

Charter Hall Group electricity consumption for our stable assets in FY20 decreased by 9% compared to FY19. The first three quarters of the year saw a 6% decrease in consumption and intensity, for our stable assets. This reduction in our standing assets reflects our focus on energy efficiency upgrades and improved NABERS Energy ratings. In the final quarter of the year, with the onset of COVID-19 and ongoing efficiency measures, the third quarter saw a 3% decrease in consumption and intensity.

It is noted that while our Group net lettable area in FY20 increased by 18% compared to FY19, our total electricity intensity has decreased by 7% from FY19. This reflects the acquisition of high efficiency assets and commencement of operations of our new high performing developments.

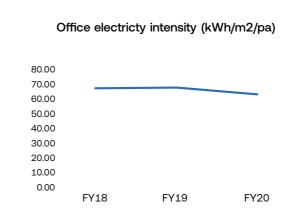
In the office sector, the electricity consumption in FY20 for our stable assets decreased by 9%, reflecting improvements in energy efficiency which saw the office average NABERS Energy ratings improve to 4.8 (from 4.7 in FY19).

We also observed a 7% decrease in the portfolios electricity intensity compared to FY19. This is despite a 25% increase in our office net lettable area and is attributed to energy efficiency initiatives in the stable portfolio and the acquisition of large high efficiency assets, which are detailed in the building certifications section of this report. Reduced occupancy due to COVID-19 in last quarter of the financial year also contributed to the overall reduction.

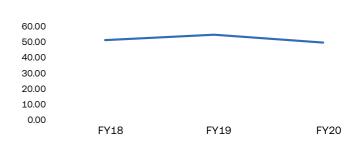
In our retail portfolio, the electricity intensity has decreased by 9% compared to FY19. This is driven primarily by several key factors including a repositioning of the retail portfolio in FY20, which included the retention of high performing assets and disposal of lower performing assets. In addition, an increased focus on operational efficiencies such as BMS optimisation, energy management & continuing transition to LED lighting designed to improve our NABERS position to 4 Star NABERS Energy target.

Our industrial & logistics electricity usage is from the common area lighting of our assets. In FY20 a 13% increase in usage is observed compared to FY19, this is attributed to increased car park lighting at some assets and variable tenant activity which drives the requirement for common area lighting.

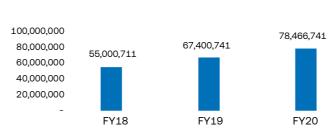
Diversified funds are comprised of five funds consisting of office, bulky goods, residential, retirement living and retail.



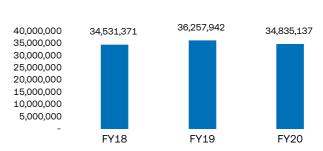
Retail electricity intensity (kWh/m2/pa)



Office electricity usage (kWh)



Retail electricity usage (kWh)



46



Electricity

Purchased electricity (kWh) ^{1,2,3}	Fund	FY18 (kWh)	FY18 NLA (sqm)	FY18 Intensity kWh/sqm/pa	FY19 (kWh)	FY19 NLA (sqm)	FY19 Intensity kWh/sqm/pa	FY20 (kWh)	FY20 NLA (sqm)	FY20 Intensity kWh/sqm/pa
Office										
Charter Hall Office Trust	CHOT	14,754,813	225,945	65.30	13,065,613	206,463	63.28	12,597,200	203,833.50	61.80
Charter Hall Prime Office Fund	CPOF	23,027,347	335,155	68.71	27,664,071	393,963	70.22	28,337,030	462,448.59	61.28
Charter Hall Direct Office Fund	DOF	6,035,962	83,197	72.55	8,042,465	128,105	62.78	8,079,674	138,832.50	58.20
Charter Hall Direct PFA Fund	PFA	4,333,820	60,177	72.02	7,098,782	103,995	68.26	8,638,913	135,015.40	63.98
Charter Hall Brisbane Square Wholesale Fund	BSWF	3,987,091	52,126	76.49	4,359,278	60,908	71.57	4,382,283	61,334.10	71.45
Charter Hall Counter Cyclical Trust	ССТ	1,068,688	20,640	51.78	4,030,408	55,469	72.66	3,744,225	55,469.00	67.50
Charter Hall Long WALE REIT	CLW	1,792,990	36,802	48.72	2,526,003	33,951	74.40	5,868,033	81,288.72	72.19
Charter Hall Deep Value Partnership	DVP				614,121	8,228	74.64	4,782,535	61,268.46	78.06
Charter Hall Australian Investment Trust	CHAIT							2,036,848	35,934.67	56.68
Office Total		55,000,711	814,040	67.57	67,400,741	991,081	68.01	78,466,741	1,235,425	63.51
Retail										
Charter Hall Retail REIT	CQR	22,913,688	503,880	45.47	22,922,709	489,200	46.86	22,152,246	504,329	43.92
Charter Hall Prime Retail Fund	CPRF	4,099,870	41,208	99.49	6,049,395	48,607	124.46	5,589,515	71,258	78.44
Charter Hall Retail Partnership No. 1	RP1	2,353,422	47,648	49.39	2,055,229	43,841	46.88	1,915,209	46,162	41.49
Charter Hall Retail Partnership No. 2	RP2	1,571,561	29,143	53.93	1,687,830	29,143	57.92	1,923,688	29,612	64.96
Charter Hall Retail Partnership No. 6	RP6	3,014,112	33,140	90.95	2,966,856	33,140	89.52	2,873,526	33,760	85.12
TTP Wholesale Fund	TTP	578,719	15,398	37.58	575,923	15,398	37.40	380,954	10,265	37.11
Retail Total		34,531,371	670,417	51.51	36,257,942	659,329	54.99	34,835,137	695,387	50.09
Industrial & logistics										
Industrial & logistics outdoor lighting		143,950	n/a	n/a	144,568	n/a	n/a	163,963	n/a	n/a
Industrial & logistics Total		143,950	n/a		144,568	n/a		163,963		
Other ⁴										
Diversified					877,804	25,777	34.05	1,106,855	46,570	23.77
Diversified Total					877,804	25,777	34.05	1,106,855	46,570	23.77
Charter Hall Limited (corporate offices)										
Corporate Offices		406,732			398,343			384,324		
Corporate Offices Total		406,732			398,343			384,324		

Total Charter Hall

90,082,764

Calculated based on NGERS methodology - base building under operational control.
 FY19 figures for all funds in office, retail and industrial & logistics outdoor lighting have been updated to provide a more accurate assessment based on invoiced data.
 Electricity data for some new sites that have come on in the last quarter of FY20 may not be included if at the time of reporting the invoices are not available.
 Five former Folkestone funds (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.

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105,079,399

114,957,020

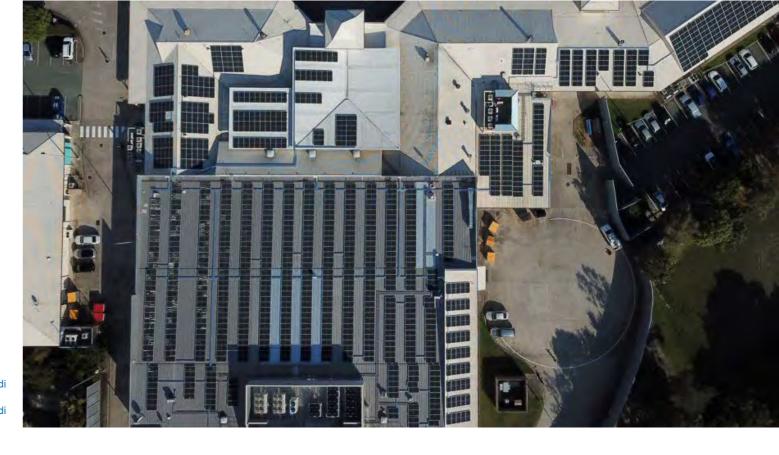


Generated electricity

The following table contains on-site electricity production from our office and retail assets.

As at FY20 our office portfolio's on-site electricity production included seven solar PV systems and three co-generation systems powering part of the below asset's base building electricity usage. This data does not include assets where we have solar PV systems on buildings under tenant operational control. Solar production referenced on page 12 'Renewable energy on all new large retail and industrial & logistics developments' refers to the combined assets within our portfolio with solar PV systems operated by the tenant customer.

This year we have also included the generated electricity from the solar PV installed at our retail centres as part of our solar PPA. For further information on the retail solar PPA refer to page 16 'Our net zero pathway informs how we will reduce our emissions'. Charter Hall does not have operational control of the installed solar at our retail centres and does not account the emission reduction associated from the generated electricity as the large-scale generation certificates are not retired by Charter Hall.



Currimundi Markets, Currimundi Qld

On-site generated electricity - office

Solar electricity production (kWh)	FY18	FY19	FY20
44 Sydney Avenue, Canberra	12,741	23,844	61,330
21-25 Nile Street, Port Adelaide	n/a	71,216	71,430
171 Collins Street, Melbourne	n/a	n/a	108,780
GPO Exchange, Adelaide	n/a	n/a	84,004
900 Ann Street, Brisbane	n/a	n/a	52,887
130 Lonsdale Street, Melbourne	n/a	n/a	16,490
22 Elizabeth Street and 103 Macquarie Street, Hobart TAS	n/a	n/a	29,507
Total	12,741	95,060	424,428
Co-generation electricity production (kWh)			
171 Collins Street, Melbourne	329,764	315,940	432,348
990 La Trobe Street, Melbourne ¹	360,152	343,305	265,153
32 Turbot Street, Brisbane	318,860	164,030	202,440
Total	1,008,776	823,275	899,941

Total on-site electricity production FY20 (kWh)	1,021,517	918,335
. ,		

1,324,369

Solar generated electricity - retail²

Solar electricity production (kWh)	FY18	FY19	FY20
Bateau Bay Square, Bateau Bay	n/a	n/a	659,688
Bay Plaza, Hervey Bay	n/a	n/a	155,039
Bribie Island Shopping Centre, Bongaree	n/a	n/a	111,852
Brickworks Marketplace, Hindmarsh	n/a	n/a	75,641
Currimundi Markets, Currimundi	n/a	n/a	498,794
Lake Macquarie Square, Mount Hutton	n/a	98,085	296,171
Lansell Square, Kangaroo Flat	n/a	n/a	176,317
Singleton Square, Singleton	179,186	282,733	485,504
Southgate Square, Morphett Vale	n/a	n/a	63,773
Tamworth Square, Tamworth	n/a	n/a	362,157
Salamander Bay, Salamander Bay	n/a	n/a	78,418
Rosebud Plaza, Rosebud	n/a	n/a	25,743
Total	179,186	380,818	2,989,096

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^{1.} The Cogen system at 990 La Trobe is not in Charter Hall operational control. Generated electricity from Cogen updated for FY18 and FY19 to represent generation consumed by basebuilding only.

 $^{2. \ \} Charter \ Hall \ does \ not \ account \ the \ emission \ reductions \ from \ the \ generated \ electricity \ at \ our \ retail$ sites as the Large Scale Renewable Certificates are not retired by Charter Hall.



Natural gas consumption



171 Collins Street, Melbourne VIC The table below reflects the gas consumption and intensities of our Funds with buildings under operational control as at 30 June 2020. Funds that closed during FY20 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.

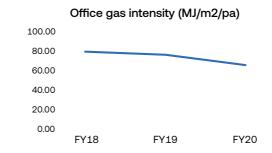
Commentary

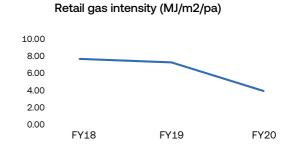
Overall in FY20 Charter Hall's gas intensity compared to FY19 has decreased by 13%. This is despite an increase in gas consumption of 14% and an increase in the NLA of sites with gas by 30%.

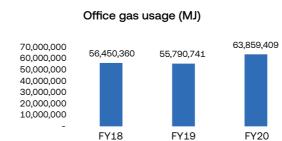
In our office sector, the gas intensity decreased by 14% from FY19. The hot dry summer resulted in a lower humidity control requirement in many buildings as well as low occupancies due to COVID-19 occurring in the colder months resulted in reduced demand.

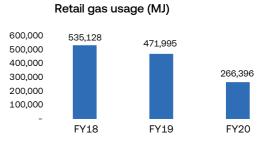
In FY20 retail gas usage has decreased by 44% this is due to a faulty BMS in the FY19 period at one of the retail centres. The faulty BMS resulted in doubling of the centre's gas usage, this has since been rectified.

Diversified funds are comprised of five funds consisting of office, bulky goods, residential, retirement living and retail. The FY20 gas usage is from one of the sites (a retirement living asset) acquired is under Charter Hall operational control.









49



Natural gas

Purchased gas (MJ) ^{1, 2, 3}	Fund	FY18 (MJ)	FY18 NLA (sqm)	FY18 Intensity (MJ/sqm/pa)	FY19 (MJ)	FY19 NLA (sqm)	FY19 Intensity MJ/sqm/pa	FY20 (MJ)	FY20 NLA (sqm)	FY20 Intensity MJ/sqm/pa
Office										
Charter Hall Office Trust	CHOT	16,836,232	225,945	74.51	14,866,909	206,463	72.01	16,893,182	154,994	108.99
Charter Hall Prime Office Fund	CPOF	27,763,691	303,986	91.33	25,413,091	318,161	79.88	25,799,391	418,291	61.68
Charter Hall Direct Office Fund	DOF	6,766,768	70,761	95.63	7,459,284	75,165	99.24	7,334,307	93,147	78.74
Charter Hall Direct PFA Fund	PFA	869,854	7,025	123.82	3,078,622	17,192	179.07	4,943,666	74,264	66.57
Charter Hall Brisbane Square Wholesale Fund	BSWF	1,001,013	43,518	23.00	2,045,776	51,299	39.88	1,139,372	51,298	22.21
Charter Hall Counter Cyclical Trust	CCT	1,629,106	20,454	79.65	1,940,592	35,382	54.85	2,370,802	35,382	67.01
Charter Hall Long WALE REIT	CLW	1,583,697	36,807	43.03	986,467	25,648	38.46	3,458,921	52,527	65.85
Charter Hall Deep Value Partnership	DVP							747,196	51,395	14.54
Charter Hall Australian Investment Trust	CHAIT							1,172,571	35,935	32.63
Office Total		56,450,360	708,496	79.68	55,790,741	729,309	76.50	63,859,409	967,233	66.02
Retail										
Charter Hall Retail REIT	CQR	458,021	28,107	16.30	404,683	23,128	17.50	216,816	23,646	9.17
Charter Hall Prime Retail Fund	CPRF	77,107	41,208	1.87	67,312	41,208	1.63	49,580	43,199	1.15
Retail Total		535,128	69,315	7.72	471,995	64,336	7.34	266,396	66,845	3.99
Other⁴										
Diversified					91,522	2,800	33	72,254	4,200	17.20
Diversified Total					91,522	2,800	33	72,254	4,200	17.20

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

CEO message About us Environment Governance UNGC Assurance Sustainability Report 2020 FY20 highlights Our approach Performance data **GRI** index Contact us Social

50

^{2.} FY19 figures for Office, Retail and Diversified has been updated to provide a more accurate assessment based on invoiced data.

3. Natural gas data for some new sites that have come on in the last quarter of FY20 may not be included if at the time of reporting the invoices are not available.

4. Denotes a retirement living site in the Folkestone Seniors Living Fund No. 1, part of the Folkestone acquisition in November 2018.



Water consumption



990 La Trobe Street, Docklands VIC The table adjacent reflects the water consumption and intensities of our Funds with buildings under operational control as at June 2020. Funds that closed during FY20 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. Consumption trends across the funds reflect those described for each sector above.

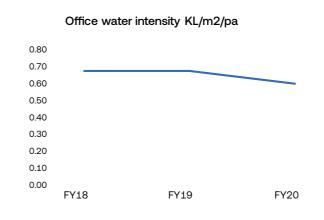
Commentary

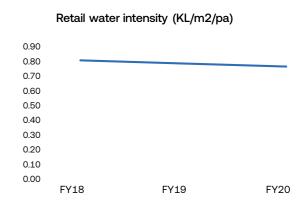
Overall Charter Hall Group's water intensity has decreased by 9% from FY19, due to water efficiency initiatives, while the water usage compared to FY19 has increased by 12%, attributable to the increase in NLA by 22%.

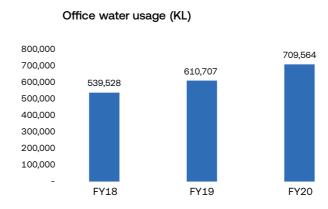
In our office sector, water intensity has decreased by 11% compared to FY19, due to water efficiency initiatives. The reduced occupancy during COVID-19 also had an impact on water consumption, resulting in lower consumption from cooling towers, toilets, kitchens and end of trip facilities.

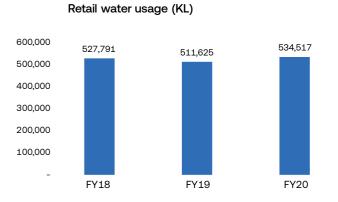
Retail water intensity has decreased by 3% compared to FY19. This is also reflected in the improved average water NABERS ratings to 3.95 Stars NABERS Water in FY20 (from 3.4 Stars in FY19).

Industrial & logistics water use from our tenants has been included in this year report, Charter Hall does not have operational control over tenant water usage and therefore does not actively monitor usage patterns.











Water

Potable Water consumption (kL) ^{1,2,3}	Fund	FY18 (kL)	FY18 NLA (sqm)	FY18 Intensity kL/sqm/pa	FY19 (kL)	FY19 NLA (sqm)	FY19 Intensity kL/sqm/pa	FY20 (kL)	FY20 NLA (sqm)	FY20 Intensity kL/sqm/pa
Office										
Charter Hall Office Trust	CHOT	169,942	225,945	0.75	131,205	206,463	0.64	131,235	203,834	0.64
Charter Hall Prime Office Fund	CPOF	207,823	325,252	0.64	261,596	360,356	0.73	289,249	452,412	0.64
Charter Hall Direct Office Fund	DOF	52,556	82,406	0.64	67,321	108,471	0.62	67,622	138,833	0.49
Charter Hall Direct PFA Fund	PFA	38,681	53,699	0.72	54,300	76,096	0.71	58,990	135,015	0.44
Charter Hall Brisbane Square Wholesale Fu	nd BSWF	44,857	51,298	0.87	54,735	51,298	1.07	55,191	51,298	1.08
Charter Hall Counter Cyclical Trust	CCT	10,099	20,640	0.49	24,849	55,469	0.45	34,306	55,469	0.62
Charter Hall Long WALE REIT	CLW	15,569	36,802	0.42	15,664	32,772	0.48	31,877	81,289	0.39
Charter Hall Deep Value Partnership	DVP				1,037	9,873	0.11	41,093	61,268	0.67
Charter Hall Australian Investment Trust	CHAIT							19,067	35,935	0.53
Office Total		539,528	796,041	0.68	610,707	900,797	0.68	728,630	1,215,353	0.60
Retail										
Charter Hall Retail REIT	CQR	337,232	484,497	0.71	317,722	484,700	0.66	346,152	504,329	0.69
Charter Hall Prime Retail Fund	CPRF	37,864	41,208	0.92	44,943	41,208	1.09	50,991	71,259	0.72
Charter Hall Retail Partnership No. 1	RP1	49,683	47,360	1.07	48,178	43,841	1.10	44,338	46,162	0.96
Charter Hall Retail Partnership No. 2	RP2	23,623	29,143	0.81	23,395	29,143	0.80	23,269	29,612	0.79
Charter Hall Retail Partnership No. 6	RP6	66,130	33,140	2.00	65,588	33,140	1.98	66,395	33,760	1.97
TTP Wholesale Fund	TTP	13,260	15,398	0.86	11,798	15,398	0.77	3,373	10,265	0.33
Retail Total		527,791	650,745	0.81	511,625	647,430	0.79	534,517	695,387	0.77
Other ⁴										
Diversified					14,265	25,777	0.55	23,538	46,570	0.51
Diversified Total					14,265	25,777	0.54	23,538	46,570	0.51
Industrial & logistics⁵										
Charter Hall Prime Industrial Fund	CPIF				268,850			318,480		
Core Logistics Partnership	CLP				290,062			302,549		
Charter Hall Direct Industrial Fund No. 4	DIF4				22,103			26,311		
Charter Hall Long WALE REIT	CLW				65,063			64,706		
Industrial & logistics Total					646,077			712,046		

^{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 FY2O 30% water has been estimated using this methodology.

2. Water invoices for providing that the hour page in the last water of FY2O have not been.

Environment

Social

Sustainability Report 2020

^{2.} Water invoices for new sites that have come on in the last quarter of FY20 have not been reported, water for these sites will be reported once the invoices are received.

^{3.} FY19 figures for all funds have been updated to provide a more accurate assessment based on invoiced data.

4. Five former 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.

5. Industrial & logistics water is not under Charter Hall operational control and represents the tenants usage.



Waste and recycling

The tables below reflect the waste generation at assets under operational control as at June 2020. Assets that closed during FY20 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 FY20, Charter Hall office buildings diverted 29% of waste from landfill, a 3% decrease from FY19. The reduction in the diversion rate is attributed to improved measuring and reporting standards, under the BBP certifications.

The retail sector diverted 27% of waste from landfill in FY20, this is a 3% increase compared to FY19. We attribute the improved diversion rate to the implementation of waste management plans and improved waste management initiatives, including the addition of the Orca organic processing unit as well as new waste recycling streams, tenant education, updates to signage and reporting methods year-on-year.

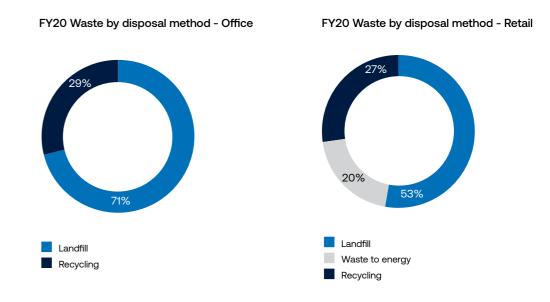
In response to the international changes in the waste industry affecting the recycling industry in Australia, we are working with our waste contractors to review our strategy and targets and are focused on individual waste streams such as e-waste and organics.

	Retail ²		Office			
Waste by disposal method (tonnes)¹	FY18	FY19	FY20	FY18	FY19	FY20
Landfill	4,488	4,778	4,847	4,173	3,069	3,529
Waste to energy	1,521	1,250	1,849	n/a	n/a	n/a
Recycling	1,679	1,919	2,451	2,243	1,459	1,450
Total	7,688	7,947	9,147	6,415	4,528	4,978

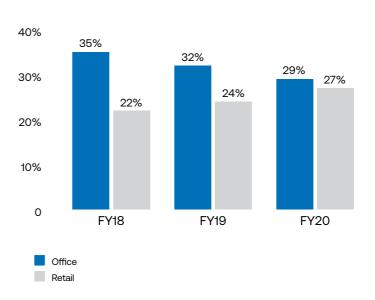
Total diverted from landfill	22%	24%	27%	35%	32%	29%

- 1. Waste and recycling figures for assets under operational control as defined by NGER legislation and where waste is controlled by Charter Hall.
- $2. \ {\sf Retail} \ {\sf waste} \ {\sf reporting} \ {\sf includes} \ {\sf sites} \ {\sf within} \ {\sf the} \ {\sf national} \ {\sf Veolia} \ {\sf contract} \ {\sf only}.$

Waste diverted from landfill	FY18	FY19	FY20
Office	35%	32%	29%
Retail	22%	24%	27%



Waste diversion from landfill Office and Retail





Social data

We maintained many of our metrics throughout 2020 with positive shifts in gender representation and turnover. Our industry and the world around us are shifting. We are now seeing five generations in one workforce, talent is increasingly mobile and working remotely, and employees are expecting more from their workplaces in terms of general wellbeing and a sense of belonging. Charter Hall has come a long way over the last five years, focusing on diversity and inclusion initiatives that increase female participation and build a sustainable culture that leverages that diversity through inclusion. This focus has included initiatives to attract and retain female talent, as well as better understand the underlying reasons for female turnover.

Our total annual turnover has significantly reduced in FY20 as compared to FY19. While in part this can be attributed to COVID-19 as hiring across most industries was restricted in the last quarter, we have consistently been working towards employee retention measures and actively managing employee wellbeing resulting in a decrease in regrettable turnover throughout the year.

Data provided below includes our people, health and safety data, learning metrics and programs as at 30 June 2020. For our people data, numbers are the same as the Board reporting. No contingent workers, casuals or board members are included in normal numbers (only permanent and fixed term contractors unless otherwise indicated). These workers do not comprise a significant portion of Charter Hall's activities during the FY20 period.

Diversity and inclusion

	FY18	FY18			FY19				FY201			
Parental leave	Total	Male	Female	Gender prefer not to say	Total	Male	Female	Gender prefer not to say	Total	Male	Female	Gender prefer not to say
Entitled to paid parental leave	474	216	257	1	546	247	298	1	568	257	310	1
Commenced primary parental leave	16	1	15	0	17	1	16	0	24	1	23	0
Still on primary parental leave	11	0	11	0	15	0	15	0	21	0	21	0
Returned to work ²	4	1	3	0	2	1	1	0	4	1	3	0
No longer employed or did not return	1	1	0	0	0	0	0	0	0	0	0	0

^{1.} FY20 includes Contract Fixed Term, those who returned to work returned during FY20 (they may have commenced leave in a prior reporting period).

Sustainability Report 2020

^{2.} Does not include fixed-term contract employees whose contract ended while on parental leave.



Diversity and inclusion continued

Return to work rate FY19 parental leavers	FY18	FY19
Took primary parental leave in FY19	26	27
Returned to work and still employed (30 June 2020)	25	22
No longer employed or did not return	1	4
Still on primary parental leave	0	1
Total	96%	81%

	FY18		FY19		FY20	
Board composition by gender (NED) ¹	Number	Rate	Number	Rate	Number	Rate
Male	3	60%	4	67%	4	67%
Female	2	40%	2	33%	2	33%
Total	5	100%	6	100%	6	100%

1. Non Executive Directors only.

Workforce characteristics

	FY18 ²		FY19 ²		FY20	
Remuneration ratio by gender ¹	Female	Male	Female	Male	Female	Male
Executive	0.65	1	0.56	1	0.54	1
Senior Management	0.81	1	0.79	1	0.73	1
Management	0.88	1	0.87	1	0.81	1
Senior Professional	1.03	1	1.01	1	1	1
Professional	0.90	1	0.87	1	0.89	1
Support	0.85	1	0.86	1	0.87	1

Note: Remuneration is for Charter Hall Group by role and by gender, combined for all locations.

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

2. We have updated remuneration ratio reporting methodology to align with our peers. Prior year data has also been updated to reflect the same.

The methodology of measuring pay equity solely on fixed average remuneration by job band has its limitations. It does not take into account the difference in market value of different jobs/roles within the same job band. For example, revenue generating roles are generally paid higher than support roles and the gender distribution within these roles has an impact on the overall ratio for each job band.

Remuneration ratio by gender

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

Job bands consist of:

- Executive comprises Managing
 Director and Executive Committee
- Senior Management comprises 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 fixedterm contract employees
- Includes only fixed remuneration



Workforce characteristics continued

Workforce breakdown by job band, age & gender	Senior Man	agement		Managemen	nt		Senior Profe	essional		Professional	l		Support		
Total numbers FY20	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	2	0	0	11	6	0	21	37	0	3	21	0
30-50	18	13	0	49	17	0	51	52	0	49	99	1	3	40	0
50+ years	15	1	0	9	1	0	6	4	0	15	5	0	5	14	0
Total	33	14	0	60	18	0	68	62	0	85	141	1	11	75	0
Total of each job band	47			78			130			227			86		
Percentage FY20															
Under 30	0%	0%	0%	3%	0%	0%	8%	5%	0%	9%	16%	0%	3%	24%	0%
30-50	38%	28%	0%	63%	22%	0%	39%	40%	0%	22%	44%	0%	3%	47%	0%
50+ years	32%	2%	0%	12%	1%	0%	5%	3%	0%	7%	2%	0%	6%	16%	0%
Total	70%	30%	0%	77%	23%	0%	52%	48%	0%	38%	62%	0%	13%	87%	0%

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.

Sustainability Report 2020

Social

56



Workforce characteristics continued

	FY18				FY19				FY20			
	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say	Employees	Male	Female	Prefer not to say
Employee breakdown by contract type & gender												
Permanent Full-Time	406	201	204	1	447	225	221	1	487	238	248	1
Permanent Part-Time	40	3	37	0	48	4	44	0	46	3	43	0
Fixed Term Full-Time	24	11	13	0	49	18	31	0	32	15	17	0
Fixed Term Part-Time	4	1	3	0	2	0	2	0	3	1	2	0
Total	474	216	257	1	546	247	298	1	568	257	310	1
Workforce breakdown by region and gender												
NSW	363	173	189	1	410	193	216	1	419	192	226	1
QLD	37	15	22	0	38	14	24	0	37	14	23	0
SA	8	1	7	0	9	2	7	0	8	3	5	0
VIC	34	14	20	0	54	23	31	0	70	33	37	0
WA	32	13	19	0	35	15	20	0	34	15	19	0
Total	474	216	257	1	546	247	298	1	568	257	310	1
Workforce breakdown by age												
Under 30	78	30	48	1	111	43	68	0	101	37	64	0
30-50	341	152	188	0	373	165	207	1	392	170	221	1
50+ years	55	34	21	0	62	39	23	0	75	50	25	0
Total	474	216	257	1	546	247	298	1	568	257	310	1

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 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 (Employee Turnover does not include fixed term employees).

57



Workforce characteristics continued

	FY18		FY19		FY20	
Employee changes by gender	New hires	Leavers	New hires	Leavers	New hires	Leavers
Male	41	33	70	39	47	37
Female	67	53	108	68	59	48
Prefer not to say	0	0	0	0	0	0
Total	108	86	178	107	106	85
Employee changes by age						
Under 30	29	16	58	19	32	11
30-50	67	59	105	73	66	62
50+ years	12	11	14	14	7	11
Unknown		0	1	1	1	1
Total	108	86	178	107	106	85
Employee changes by region						
NSW	90	67	130	80	79	69
QLD	7	4	8	10	4	4
SA	5	6	3	2	1	1
VIC	2	6	32	12	21	8
WA	4	3	5	3	1	3
Total	108	86	178	107	106	85

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 (Employee Turnover does not include fixed term employees).

	FY18		FY19		FY20	
Employee turnover ¹	Number	Rate	Number	Rate	Number	Rate
Voluntary	52	11.9%	67	14.2%	43	8.2%
Involuntary	18	4.1%	18	3.8%	12	2.3%
Total	70	16.1%	85	18.0%	55	10.5%

^{1.} Employee turnover is calculated to only include permanent employees, therefore does not match employee changes for leavers which includes contract fixed term employees.



Health and safety

Employee recordable injury by type ¹	FY18	FY19	FY20	
Fatalities	0	0	0	
Medical treatment injuries ²	1	6	5	
Lost time injuries ³	1	1	1	
Employee recordable injury rate ^{4,6}	2.66	7.23	6.4	
Employee lost time injury rate ^{5,6}	1.33	1.2	1.07	

CEO message About us Environment Governance UNGC Assurance Sustainability Report 2020 FY20 highlights Our approach Performance data **GRI** index Contact us Social

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

^{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.



Learning metrics and programs

Percentage of employees receiving regular (annual) performance and career development reviews, by gender and employee category					
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	Male	100%			
Support; Support	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 June of the reporting period, the FY20 performance reviews completion rate only includes eligible employees that were still employed as at 30 June 2020. 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 2020; employees who have transitioned to a new role within the organisation within the FY20 period.

Programs for lifelong learning that support the development and growth of employees

Induction	 Enboarder – an integrated mobile platform for managers and new hires to support onboarding and bring them up to speed with the critical information they need, when they need it, for their first hundred days.
	 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.
	 IT introduction – a step-by-step introduction to our technology and how to use it both in the office and when working remotely.
Compliance	 Bite sized learning – regular, short, face-to-face sessions that focus on areas such as risk, bullying and harassment, workplace relationships and general compliance.
	 Safetrac – annual online compliance modules which are mandatory for all employees and focus on areas such as work, health and safety, ethics, integrity and security.
Technical	 Lunch n Learn – regular, short, face-to-face sessions managed by each division to focus on specific technical requirements and better understand 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 Certification.
General	 Learning – an integrated, online, personalised learning platform available to all employees to access a range of learning and development resources on an as needs basis, anywhere and at anytime.
	 Bite sized learning – regular, short, face-to-face sessions available to all employees to build important skills and capabilities such as emotional intelligence, presentation skills and how to have critical conversations.
	 Live Tuesday sessions – monthly breakfast learning sessions where we invite speakers to share their stories and challenge thinking about a wide range of local and global issues. These sessions have included customers, market analysts, business leaders, social enterprises and wellbeing advocates.
Management and leadership	 Manager essentials - a series of learning sessions for managers to develop critical capabilities such as managing high performing teams receiving and delivering feedback, coaching and inclusive leadership.
	 People leadership stream - a circa 10 month coaching based program for new leaders that is focused on building self awareness (informed by 360 degree feedback) and developing personal, team and strategic leadership skills.







GRI index

Appendix 1:

Ten Principles of The United Nations Global Compact

Charter Hall Group is proud to be a signatory to the UN Global Compact. We continue our commitment to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption. As our second report providing communication on our progress, we have outlined our actions against the principles and referenced where more detail is provided in the FY20 Sustainability Report.

Principles	Actions	Page reference
Human Rights		
Principle 1 Protection of Human Rights	Charter Hall Group's corporate governance suite, comprising the 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.	33-34
	In FY20, we implemented our human rights framework. Our governance approach focussed on creating a modern slavery grievance and remediation process. Our procurement approach onboarded 46% of our priority 1 suppliers onto a supplier reporting platform, which will be extended to all suppliers. We continued to partner with the Property Council of Australia's Modern Slavery Working Group and Cleaning Accountability Framework (CAF) to provide greater transparency into our cleaning suppliers. We launched a supplier portal and employee e-learning module about our human rights and modern slavery commitments, with 100% employee participation.	
	We launched a supplier portal and employee e-learning module about our human rights and anti-slavery commitments with 94% employee participation.	
Principle 2 No Complicity	In the course of supplier analysis through our onboarding portal and CAF building audits in FY20, no complicity in human rights abuses was identified.	33-34
in Human Rights Abuses	We continue to 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.	
Labour		
Principle 3	Freedom of association is enshrined under Australian and New Zealand law. In	28-30
Freedom of Association and Collective Bargaining	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. All employees are engaged through individual employment agreements.	GRI disclosure 102-41
	Charter Hall Employee Code of Conduct outlines expectations and policies guiding our employees.	
Principle 4 Elimination of Forced and Compulsory Labour	Our human rights framework explicitly precludes the use of forced labour. The analysis of the Supplier Portal and industry deep dives undertaken in FY20 did not identify any instances of forced and compulsory labour.	33-34
Principle 5 Abolition of Child Labour	Our human rights framework explicitly precludes the use of child labour. The supplier analysis through our onboarding portal and CAF building audits in FY20 found no instances of child labour.	33-34

Principles	Actions	Page reference
Principle 6 Elimination of Discrimination	The Charter Hall Group Diversity and Inclusion policy was updated in August 2020. We adopt a zero-tolerance stance towards harassment and discrimination in the workplace and regular training is provided on appropriate workplace behaviour.	28-30
Environment		Managemen approach page 7
Principle 7 Precautionary Approach	We undertook several initiatives this year that reflected our systematic approach to managing environmental risk. This included meetings with the Audit Risk and Compliance Committee to oversee environmental risk management, conducting materiality assessment with wide-ranging stakeholder engagement, developing our climate resilience strategy and commencing alignment with the Taskforce for Climate-related Financial Disclosure (TCFD) framework. We also review and update our Sustainability Policy annually.	TCFD and climate resilience strategy pages 11-23
	We established internal working groups to guide our energy procurement and management; and taskforce for climate-related financial disclosure (TCFD) climate governance and strategy, risk management and climate metrics, in alignment with the TCFD framework,	
	Our climate resilience strategy also considered the risks and opportunities associated with a low carbon economy (RCP2.6) and business as usual (RCP8.5), which are outlined in our sustainability report.	
Principle 8 Environmental Responsibility	In FY20, Charter Hall promoted environmental responsibility through building on our Environmental, Social and Governance targets and indicators and establishing internal working groups to support energy and TCFD.	Materiality pages 8-9
	We further developed a pathway to 100% reduction to net zero Scope 1 and 2 emissions by 2030. We have also integrated our community investment strategy with a carbon offset project, and we continue to align with voluntary charters and practice through sector initiatives (e.g. NABERS, Green Star and WELL) as well as international sustainability principles and business practices (such as PRI, SDGs, and TCFD). We publicly disclose our approach and progress against our targets as well as tracking and communicating progress in our annual sustainability report.	esg target overview pages 8-9 Environment Targets and approach pages 11-23
Principle 9 Environmentally Friendly	We are committed to the implementation of environmentally sound technologies, and in FY20, our total solar installations increased from 15.8MW to 21MW, which has the generation potential of 32.3GWh (equivalent to powering 2,150 homes).	12; 14-16
Technologies	We have also commenced trialling batteries in our retail portfolio to further capture and utilise renewable energy.	
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 must complete mandatory annual training on the Group's Code of Conduct annually and provide an attestation of compliance with the policy. In addition, we periodically assess our exposure to bribery, fraud and corruption risk, 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.	32; 35

For all Charter Hall Group and fund corporate governance policies referenced in the actions above and for more on policies and practices – charterhall.com.au/About-Us/corporate-governance.



GRI 101: Foundation 2016

Effective from 1 July 2019

Section	GRI Standard	Disclosure	Location	Notes	
About Charter Hall	GRI 102: General Disclosures				
	Organisation profile	102-1 Name of the organization	1, 2, 5		
		102-2 Activities, brands, products, and services	5		
		102-3 Location of headquarters	Charter Hall website	www.charterhall.com.au/Contact-Us	
		102-4 Location of operations	Charter Hall website	www.charterhall.com.au/Contact-Us	
				www.charterhall.com.au/property/all-properties	
		102-5 Ownership and legal form	5-6		
		102-6 Markets served	5-6		
		102-7 Scale of the organization	5		
		102-8 Information on employees and other workers	5; 28		
			54-60		
		102-9 Supply chain	33-34		
		102-10 Significant changes to the organization and its supply chain	33-34		
		102-11 Precautionary Principle or approach	7; 62		
		102-13 Membership of associations	Charter Hall website	Industry memberships	
				www.charterhall.com.au/About- Us/memberships-and-awards	
				UN Global Compact membership outlined on page 13 and 122 of the Sustainability Report report.	
	Strategy	102-14 Statement from senior decision-maker	3	CEO message.	
		102-15 Key impacts, risks, and opportunities	8-9		

Section	GRI Standard	Disclosure	Location	Notes
Our Approach	Ethics and integrity	102-16 Values, principles, standards, and norms of behaviour	5; 7; 32-35	
	Governance	102-18 Governance structure	7	
	Stakeholder engagement	102-40 List of stakeholder groups	Charter Hall Website	www.charterhall.com.au/sustainability, stakeholder-engagement
		102-41 Collective bargaining agreements		Zero employees on collective bargaining agreements.
		102-42 Identifying and selecting stakeholders	8; Charter Hall Website	www.charterhall.com.au/sustainability/ stakeholder-engagement
		102-43 Approach to stakeholder engagement	Charter Hall Website	www.charterhall.com.au/sustainability, stakeholder-engagement
		102-44 Key topics and concerns raised	8-9	Key topics and concerns raised are reflected in our material topics.
About Charter Hall	Reporting practice	102-45 Entities included in the consolidated financial statements	5-6	
		102-46 Defining report content and topic Boundaries	8-9	
		102-47 List of material topics	8-9	
		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	2019.
		102-52 Reporting cycle	See note	Annual.
		102-53 Contact point for questions regarding the report	See Note	www.charterhall.com.au/Contact-Us
		102-54 Claims of reporting in accordance with the GRI Standards	2	
		102-55 GRI content index	64	
		102-56 External assurance	66	

GRI 101: Foundation 2016 Cont.

Section	GRI Standard	Disclosure	Location	Notes	
Environment	GRI 103: Management approach				
	Material Topic 1: Climate Resilience	103-1 Explanation of the material topic and its Boundary	8-9		
		103-2 The management approach and its components	11-23		
		103-3 Evaluation of the management approach	11-23		
	GRI 300: Environmen	tal			
	GRI 302 Energy	302-1 Energy consumption within the organization	46-50		
		302-2 Energy consumption outside of the organization	46-50		
		302-4 Reduction of energy consumption	46-50		
	GRI 303 Water	303-5 Water consumption	51-52		
	GRI 305 Emissions	305-1 Direct (Scope 1) GHG emissions	44-45		
		305-2 Energy indirect (Scope 2) GHG emissions	44-45		
		305-3 Other indirect (Scope 3) GHG emissions	44-45		
		305-4 GHG emissions intensity	44-45		
		305-5 Reduction of GHG emissions	11-16; 44-45		
	GRI 306 Waste	306-2 Waste by type and disposal method	53		
Social	Material Topic 2: Strong Communities	103-1 Explanation of the material topic and its Boundary	8-9		
		103-2 The management approach and its components	25-30		
		103-3 Evaluation of the management approach	25-30		
	GRI 200: Economic				
	GRI 201 Economic performance	201-1 Direct economic value generated and distributed	5		
	GRI 400: Social				
	GRI 401 Employment	401-3 Parental leave	54		
	GRI 403 Occupational health and safety	403-409 Work-related injuries	59	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.	
				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.	

Section	GRI Standard	Disclosure	Location	Notes
Social cont.	GRI 404 Training and Education	404-3 Percentage of employees receiving regular performance and career development reviews	60	
	Environmental impacts on wellbeing	Own disclosure – WELL building accreditations	42	
	Employee satisfaction	Own disclosure – Employee engagement	4; 28	
	GRI 405 Diversity and Equal opportunity	405-1 Diversity of governance bodies and employees	7; 28	Board composition by gender disclosure on page 108-109 does not include a breakdown by age group or other diversity indicators.
				This information is disclosed for our broader workforce disclosures on page 108-115.
		405-2 Ratio of basic salary and remuneration of women to men	55	Remuneration is for Charter Hall Group by role by gender combined for all locations.
	Community investment	Own disclosure – Community investment	4; 25-26	Pledge 1%.
Governance	Material Topic 3: Responsible business	103-1 Explanation of the material topic and its Boundary	8-9	
		103-2 The management approach and its components	32-36	
		103-3 Evaluation of the management approach	32-36	
	GRI 200: Economic			
	GRI 201 Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	11-23	
	GRI 400: Social			
	GRI 412 Human rights assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	33-34	
	Customer wellbeing	Own disclosure – Customer experience	27; 29; 36	
	GRI 418 Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	35	No complaints.



FY20 highlights

Performance data

UNGC **GRI** index

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Independent Limited Assurance Report to the Directors and Management of Charter Hall Limited

Conclusion

We have undertaken a limited assurance engagement on Charter Hall Limited's 'Subject Matter Information' disclosed in the 2020 Charter Hall Limited Sustainability Report detailed below for the year ended 30 June 2020

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that, the 'Subject Matter Information' is not prepared, in all material respects, in accordance with the 'Reporting Criteria' as shown below for the year ended 30 June 2020.

Subject Matter Information and Reporting Criteria

The 'Subject Matter Information' and Reporting Criteria for our limited assurance engagement for the year ended 30 June 2020 is as follows:

ended 30 June 2020 is as follows.		
Sustainability Performance Indicator ('Subject Matter Information')	Reporting Criteria	
Total Scope 1 and Scope 2 Greenhouse Gas emissions by fund (tCO_2e)	National Greenhouse and Energy Reporting Act 2007, National Greenhouse and Energy Reporting (Measurement) Determination 2008 and related guidance, collectively referred as 'NGER	
Total energy consumption by fund (GJ)		
Total energy production (kWh)	legislation'	
Water consumption by fund (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	

Basis for Conclusion

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.

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Sustainability Report 2020 CEC FY2

CEO message FY20 highlights

UNGC GRI index

Assurance Contact us

67

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities

Management is responsible for:

- a) ensuring that the 'Subject Matter Information' is prepared in accordance with the 'Reporting Criteria';
- confirming the measurement or evaluation of the underlying 'Subject Matter Information' against the 'Reporting Criteria', including that all relevant matters are reflected in the 'Subject Matter Information';
- designing, establishing and maintaining an effective system of internal control over its operations and financial reporting, including, without limitation, systems designed to assure achievement of its control objectives and its compliance with applicable laws and regulations; and
- d) the electronic presentation of the 'Subject Matter Information' and our limited assurance report on the

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied 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 in undertaking this assurance engagement.

Assurance Practitioner's Responsibilities

Our responsibility is to express a limited assurance conclusion on the Charter Hall Limited's 'Subject Matter Information' as evaluated against the 'Reporting Criteria' based on the procedures we have performed and the evidence we have obtained. ASAE 3000 requires that we plan and perform our procedures to obtain limited assurance about whether, anything has come to our attention that causes us to believe that the 'Subject Matter Information' is not properly prepared, in all material respects, in accordance with the 'Reporting Criteria'.

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 Information'. 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 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 a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the 'Subject Matter Information' has been properly prepared, in all material respects, in accordance with the 'Reporting Criteria'.

Our procedures included:

- Inquiries with Subject Matter data owners and sustainability report responsible management to
 understand and assess the approach for collating, calculating and reporting the respective 'Subject
 Matter Information' across the reporting period ended 30 June 2020.
- Inspection of documents as part of the walk throughs of key systems and processes for collating, calculating and reporting the respective 'Subject Matter Information' for the 2020 Charter Hall Limited Sustainability Report.
- Selection on a sample basis items to test from the selected sustainability performance indicators and agree to relevant supporting documentation.
- Analytical reviews over material data streams to identify any material anomalies for the 'Subject Matter Information' and investigate further where required.

Deloitte.

 Agreeing overall data sets for the 'Subject Matter Information' to the final data contained in the 2020 Charter Hall Limited Sustainability Report.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control there is an unavoidable risk that it is possible that fraud, error, or non-compliance with laws and regulations, where there has been concealment through collusion, forgery and other illegal acts may occur and not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

Restricted use

The applicable criteria used for this engagement was designed for a specific purpose of assisting the directors and management in reporting the 'Subject Matter Information' presented in the 2020 Charter Hall Limited Sustainability Report, as a result, the 'Subject Matter Information' may not be suitable for another purpose.

This report has been prepared for use by directors and management for the purpose of reporting on the subject matter information presented in the 2020 Charter Hall Limited Sustainability Report.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors and management or for any purpose other than that for which it was prepared.

Delaik Touche Tohnwoon

DELOITTE TOUCHE TOHMATSU

Paul Dobson

Partner

Sydney, 8 September 2020

Sustainability Report 2020

CEO message About us Environment Governance UNGC Assurance
FY20 highlights Our approach Social Performance data GRI index Contact us

68

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Important information

Certain market and industry data used in connection with this Report may have been obtained from research, surveys or studies conducted by third parties or industry or general publications. Unless otherwise specified, statements in this Report are made only as at its date and it remains subject to change without notice. This Report contains certain "forward-looking statements. The words "forecast", "estimate", "likely", "anticipate", "project", "opinion", "predict", "outlook", "guidance", "intend", "should", "could", "could", "could", "may", "target", "plan", "project", "consider", "forecast", "aim", "will" and similar expressions are intended to identify such forward-looking statements. While due care and attention has been used in the preparation of any forward-looking statements, any such statements in this Report are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates.