

# Charter Hall Education Trust

## Corporate Governance Statement

For the year ended 30 June 2019



## Our commitment to corporate governance

Charter Hall Education Trust (“CQE” or “Trust”) is a registered managed investment scheme listed on the ASX (ASX ticker code CQE). The Responsible Entity is Charter Hall Social Infrastructure Limited (“CHSIL”), a member of the Charter Hall Group (“Charter Hall”/“Group”). CHSIL’s role is defined by the Trust’s Constitution, the Corporations Act and Regulations and the general law.

The CHSIL Board of Directors provide the leadership and direction for the Trust, including setting the tone in relation to good governance, which is critical to achieving the Trust’s objectives.

The Trust’s governance framework – summarised in this Corporate Governance Statement (“Statement”), ensures that the Trust itself is effectively managed, that we continue to meet our statutory obligations, that we reinforce our culture and integrity, and that we always act in the best interests of our Unitholders.

The governance framework in turn takes its lead from the Corporate Governance Principles and Recommendations (3rd Edition) published in July 2014 by the ASX Corporate Governance Council, (ASX Corporate Governance Principles), and any departure from these Principles is noted below.

This Statement provides a summary of the key governance practices in place (unless stated otherwise) which were followed throughout the financial year ended 30 June 2019.

## Principle 1: Lay solid foundations for management and oversight

### Roles of the Board and management

ASX Corporate Governance Principle 1.1 – A listed entity should disclose:

- (a) the respective roles and responsibilities of its board and management; and
- (b) those matters expressly reserved to the board and those delegated to management.

Our Board is responsible for adding long-term value to all Unitholders. As such, they are accountable to Unitholders for how our business is managed and for our overall strategy, governance and performance.

Certain matters are reserved for the Board, however there are some matters that the Board can delegate to Board Committees and management. The Board’s functions and responsibilities are set out in the Board Charter, which is available on our website in the ‘Corporate Governance’ section. Those Charter Hall executives and senior managers that have responsibility for the business activities of the Trust have delegated authority to make decisions in respect of the day to day management of the Trust and its assets.

### Information regarding directors

ASX Corporate Governance Principle 1.2 – A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to Unitholders a candidate for election as a director; and
- (b) provide Unitholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Before anyone can be nominated to the Board as a Non-Executive Director (“NED”), their experience and background must be reviewed by a subcommittee of the Charter Hall Nomination Committee and an independent CHSIL Director.

Neither CHSIL’s Constitution nor the ASX Listing Rules require newly appointed directors to seek election or incumbent directors to seek re-election.



You can find copies of our key corporate policies on our website at [www.charterhall.com.au](http://www.charterhall.com.au)

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Our Board of Directors provide the leadership and direction for the Trust, including setting the tone in relation to good governance, which is critical to achieving the Trust's objectives.

### Non-Executive Directors and Senior Executives to have written agreements setting out terms of appointment

ASX Corporate Governance Principle 1.3 – A listed entity should have a written agreement with each Non-Executive Director and senior executive setting out the terms of their appointment.

Non-Executive Directors are appointed under a formal letter which sets out the key terms and conditions of their appointment, including the term, time commitment and details of remuneration along with information on their requirement to disclose directors’ interests and comply with key corporate policies, when they can seek independent professional advice, indemnity and insurance arrangements and their rights of access to corporate information.

The Executive Directors and each senior manager with responsibility for the business activities of the Trust also have a formal job descriptions and letters of appointment which sets out their duties and obligations, rights and responsibilities and entitlements.







**Governance framework**

The table below summarises the Trust’s governance framework, including the functions reserved for the Board and those carried out by the standing Board Committees.

**CHSIL Board**

The Board formally delegates certain functions to Board Committees and to Management via formal Board and Committee charters.

The Board directly retains responsibility for a range of matters including:

- overseeing the Trust’s purpose and strategic direction;
- monitoring the operational and financial position and performance of the Trust;
- overseeing the Trust’s risk management framework;
- setting the financial and informational reporting requirements from management to the Board;
- reporting to Unitholders and the ASX;
- monitoring the effectiveness of and compliance with policies governing the operation of the Trust;
- reviewing and approving the annual operating budgets;
- determining distribution policy and approving distributions; and
- approving decisions concerning the capital of the Trust.

**Audit, Risk and Compliance Committee (ARCC)**

The key functions of the ARCC is to oversee and review:

- the internal control and accounting systems;
- the financial reporting process, including significant accounting issues and judgements;
- the internal systems of risk management and control (ensuring that material business risks are identified);
- compliance processes to meet legislative and regulatory requirements; and
- actions taken by management to address key risks delegated to this Committee.

Board Committees

The Board has established an Audit Risk & Compliance Committee (“ARCC”) to assist the Board in the execution of its responsibilities. The ARCC operates under a specific charter, which can be found in the ‘Corporate Governance’ section on our website.

The charter states that the ARCC must have at least three non-executive members (a majority of ‘independent’ directors) and be chaired by an ‘independent’ Non-Executive Director.

The membership of the ARCC this year was as follows:

Board Committee	Membership
Audit, Risk and Compliance Committee*	Michael Johnstone (Chair), Grant Hodgetts, Vic Cottren

\*Effective on 20 June 2019, the name of the Audit and Compliance Committee was changed to the Audit, Risk and Compliance Committee.

Committee memberships change from time to time, depending on Board requirements.

You can find details of the number of Board and Committee meetings held during the year and the number of meetings attended by each director in the Directors’ Report.

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We’ll succeed based on our abilities to foster a diverse and inclusive workforce capable of delivering on the Trust’s goals.

Company Secretary

ASX Recommendation 1.4 – *The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.*

The Company Secretary plays an important role in supporting the effectiveness of the Board. The Company Secretary ensures that Board policy and procedures are followed, that the Board agenda and briefing material are despatched in a timely manner and that Board and Committee meetings are captured accurately in the minutes. They are also responsible for advising the Board and Committees on all governance matters.

The Company Secretary also retains any independent professional advisors that the Board or Board Committee have asked for and helps to organise and facilitate the induction and professional development of directors.

All directors have direct access to the Company Secretary.

The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

Diversity

ASX Recommendation 1.5 – *A listed entity should:*

- (a) *have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;*
- (b) *disclose that policy or a summary of it;*
- (c) *disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either:*
  - (i) *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes) or*
  - (ii) *if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “gender Equality Indicators” as defined in, and published under, that Act.*

CHSIL does not employ staff directly; all employees working within the Trust’s business are provided by Charter Hall. For this reason, employees working within the Trust’s business are governed by Charter Hall policies.

People with different experiences, backgrounds and perspectives are the key to Charter Hall forging innovative solutions on the back of unique viewpoints. We’ll succeed based on our abilities to foster a diverse and inclusive workforce capable of delivering on our corporate goals.

Diversity is all about respecting and valuing differences in personal characteristics, whether it be gender identity, sexual orientation, religion, disability, age or ethnicity. It requires inclusive leadership and a proactive commitment to helping everyone feel included and valued.

By promoting greater gender diversity, we broaden the pool of high quality directors and employees we can choose from, we’re more likely to keep the people we have and we’ll encourage greater innovation. Just as importantly, a market-leading approach to gender diversity allows us to connect with our diverse customer base and ensures we bring balanced perspectives to our decisions. It’s a socially and economically responsible governance practice.

Charter Hall’s Diversity and Inclusion Policy aims to increase the percentage of women in leadership and business-related roles and to promote a culture that truly values diversity, inclusion and flexibility. To support this there are five key pillars:

- Flexible working
- Inclusive culture
- Gender balance
- External profiling
- Age and ethnicity

A copy of Charter Hall’s Diversity and Inclusion Policy can be found on our website. The Charter Hall Board has agreed targets for female participation on the Group Board:

Board Committee	2019 Actual	2020 Target	2025 Target
Female participation on Group Board (Non-Executive Directors Only)	33.3%	≥ 33.3%	≥ 40%
Female participation in senior executive positions	33.3%	≥ 33.3%	≥ 40%
Female participation in the workplace	54.6%	50.0%	50.0%

Female participation in senior executive positions is defined as senior management.



Strategic Pillars	Objectives	FY19 Achievements
<b>Flexible working</b> – to entrench flexibility in ways that directly link business performance, productivity and sustainability with workforce well-being and sustainability.	<ul style="list-style-type: none"> <li>– Build environments that promote flexibility, collaboration and engagement.</li> <li>– Develop capability to lead and engage teams in flexible work.</li> <li>– Promote a suite of benefits focused on enhancing flexibility.</li> </ul>	<ul style="list-style-type: none"> <li>– Delivered new workspaces in Brisbane, Melbourne and Sydney to enhance collaboration and flexible working.</li> <li>– Facilitated learning sessions across the Group to enable managers and employees to fully leverage the value of flexible working.</li> <li>– Refreshed our suite of benefits to include wellbeing leave, additional volunteer leave and the introduction of a personalised environment app in State offices.</li> </ul>
<b>Inclusive culture</b> – to create an environment where people with diverse backgrounds, skills and perspectives feel trusted, valued and respected and can contribute to the organisation.	<ul style="list-style-type: none"> <li>– Develop inclusive leadership capability to leverage diversity and drive innovation.</li> <li>– Support employees to bring their whole selves to work.</li> </ul>	<ul style="list-style-type: none"> <li>– Developing inclusive leadership capability is now a core component of our annual leadership and management programs.</li> <li>– CH Proud, Charter Hall’s LGBTI network, provided an awareness program to employees through our partnership with Pride in Diversity and participated in the Australian Workplace Equality Index (AWEI).</li> <li>– Facilitated a People and Culture program across the Group focused on psychological safety and speaking up.</li> </ul>
<b>Gender balance</b> – to achieve gender balance in all roles across our business.	<ul style="list-style-type: none"> <li>– Continue gender specific initiatives to reduce bias and provide equal opportunity for females to contribute and progress their careers.</li> <li>– Advocate to improve gender representation across the property sector.</li> </ul>	<ul style="list-style-type: none"> <li>– Participated in the PCA Women in Property Mentoring Program, 500 Women in Property Program and Emerging Leaders Program to accelerate the development of female talent.</li> <li>– MD &amp; Group CEO is a member of the PCA Property Male Champion of Change working group and a WGEA Pay Equity Ambassador.</li> <li>– Conducted an independent, in-depth review of gender across the employee lifecycle to inform ongoing activities targeting key talent and individual roles.</li> </ul>

Strategic Pillars	Objectives	FY19 Achievements
<b>External Profiling</b> – to develop our employment brand so that Charter Hall is perceived as a “great place to work” by current employees and key external stakeholders (including active and passive candidates, tenants and investors).	<ul style="list-style-type: none"> <li>– Promote and deeply embed a brand that values diversity and inclusion.</li> <li>– Play an active role in industry initiatives that foster inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>– Launched new purpose and values that embody an inclusive culture and drive how we behave with each other, our customers and the communities we operate in.</li> <li>– Executive members and senior leaders spoke at a range of internal and external events throughout the year to promote and challenge thinking on diversity and inclusion.</li> <li>– Inaugural partner of the Foundation for Young Australians Innovation Nation Program and Young Social Pioneers Program with a view to driving innovation and encouraging young talent into the industry.</li> <li>– Participated in the PCA Girls in Property program and Grow the Talent Pool initiative, as well as diversity think tanks, to attract more young females into property.</li> </ul>
<b>Age and Ethnicity</b> – to attract and retain people from diverse age groups and ethnic backgrounds more effectively as the war for talent accelerates.	<ul style="list-style-type: none"> <li>– Develop initiatives that are aimed at increasing age and ethnic diversity.</li> </ul>	<ul style="list-style-type: none"> <li>– Partnered with Hatch, an innovative start-up, to access talent early in their lifecycle.</li> <li>– Continued to develop our partnerships with Western Sydney University and the University of Technology, Sydney to grow our graduate talent pool.</li> </ul>

## Board Performance

ASX Corporate Governance Principle  
1.6 – A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in that reporting period in accordance with that process.

Each Director must complete an annual performance evaluation. This is collated and summarised by an independent party. The Chair then distributes the summarised and anonymous results to all the directors.

## Access to information

Each Director receives Board reports in advance of Board meetings containing sufficient information for them to participate in meaningful discussions on all agenda items.

This information is mainly supplied by the Head of Social Infrastructure Funds, General Manager, Finance – Diversified and the Company Secretary. Directors can request additional information if they feel they need it to make informed decisions.

## Independent professional advice

Directors are entitled to ask for independent professional advice at the cost of CHSIL, and in some instances, at the cost of the Trust.



See ‘Board Committees’ earlier in this Statement and the Directors’ Report for details of the Committee’s meetings for the year, and who attended each meeting. You can find the Committee’s Charter under the ‘Corporate Governance’ section on our website.

## Performance of Senior Executives

ASX Corporate Governance Principle  
1.7 – A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its Senior Executives; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Executives and senior managers who have responsibility for the business activities of the Trust are employees of Charter Hall, and, as part of Charter Hall’s framework, undergo a formal assessment on at least an annual basis against performance criteria (Key Performance Indicator-based financial and non-financial measures). Our Board provides informal feedback on the performance of the Head of Social Infrastructure Funds and other senior managers, but does not participate in their formal appraisal. This performance evaluation process was undertaken during the year. Senior Executives can participate in continuing education to update and enhance their skills and knowledge.

An induction program for new Senior Executives ensures each person understands the Trust’s financial position, strategies, operations and risk management policies as well as the responsibilities and roles of the Board and management.



## Principle 2: Structure the Board to add value

### Nomination Committee

ASX Recommendation 2.1 – The Board  
of a listed entity should:

- (a) Have a nomination committee which:
  - (i) has at least three members, a majority of which are independent directors; and
  - (ii) is chaired by an independent director;and disclose:
  - (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Whilst the ASX Corporate Governance Principles recommend the establishment of a nomination committee, our Board does not consider it is necessary or appropriate to constitute a nomination committee for CHSIL, given that CHSIL is a subsidiary of Charter Hall.

The Board of Charter Hall (utilising a sub-committee of its Nominations Committee) together with an independent director of the CHSIL Board is responsible for overseeing the appointment of Directors to the Responsible Entity of the Trust. However, our Board sets the composition and membership criteria as well as the guidelines for director selection and nominates candidates to the Board of Charter Hall for approval.

In making sure the Board discharges its responsibilities effectively it has set the following membership criteria:

- the Board is to comprise a minimum of three and a maximum of twelve directors;
- new directors require approval by the Charter Hall Board via its Nominations Committee;
- a majority of the directors must be independent;
- the Board is to comprise directors with an appropriate range of qualifications and expertise; and
- the Chair of the Board will be appointed by the Charter Hall Board via its Nominations Committee.





**Board Skills Matrix**

*ASX Recommendation 2.2 – A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

Our Board is made up of directors with a broad range of skills, expertise and experience who are able to effectively understand and manage the Trust’s business issues, review and challenge the performance of management and optimise overall performance.

Directors must meet specific guidelines in order to be selected and nominated. The most important of these are:

- integrity;
- particular expertise (sector and functional);
- how their skills complement those of the existing Board members;
- reputation and standing in the market; and
- in the case of prospective independent directors, actual and perceived independence from Charter Hall.

As the Trust is an externally managed entity, it is not required to develop a Board skills matrix. Notwithstanding this however, the Charter Hall Group’s Nomination Committee has developed a Board skills matrix. This matrix is used to identify any gaps in the skills and experience of the Directors on the Board for the purposes of identifying the search and assessment criteria for new Directors.



You will find the matrix under the ‘Corporate Governance’ section on our website.

**Director independence**

*ASX Recommendation 2.3 – A listed entity should disclose:*

- (a) the names of the directors considered to be independent directors;
- (b) if a director has an interest, position, association or relationship that may cause doubt about the independence of a director, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director.

*ASX Recommendation 2.4 – A majority of the board of a listed entity should be independent directors.*

The Board considers that a director is independent if they are independent of management and free of any business or other relationship that could prevent them, or could reasonably be perceived to prevent them, making objective and independent judgements. Any interests or relationships that could be perceived to compromise independence are reviewed on a case by case basis.

This year, the composition of the Board was as set out in the table below.

Period	Executive Directors	Non-Executive Directors
1 July 2018 to 17 December 2018	1	3
17 December 2018 to 30 June 2019	2	3



All directors are expected to meticulously disclose any relevant / material personal or family contract or relationship. Directors must also meet the requirements of our own policies and the Corporations Act 2001 (Cth) (“Corporations Act”) as to when they can and cannot participate and vote around matters in which they may have an interest.

The Board regularly assesses whether directors are independent, and each director is required to provide information about this.

Name	Position	Independent (Yes/No)	Appointed
Grant Hodgetts	Chair, Non-Executive Director	Yes	24 October 2012
Michael Johnstone	Non-Executive Director	Yes	22 December 2004
Vic Cottren	Non-Executive Director	Yes	22 December 2004
Nick Anagnostou	Director, and Head of Social Infrastructure Funds (Charter Hall Group)	No	4 August 2008
Sean McMahon	Director, and Chief Investment Officer (Charter Hall Group)	No	17 December 2018

See the Directors’ Report for details of the background, qualifications, expertise and period of service of each director.

As stated earlier, directors can seek independent professional advice at our expense in order for them to carry out their duties and functions (including their Board Committee functions) properly. An estimate of costs though must first be approved by the Chair as reasonable.

Non-Executive Directors of the Board meet regularly without management present, in order to consider matters independently.

The Chairman of the Board

ASX Recommendation 2.5 – The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chair is responsible for leadership of the Board and for the efficient organisation and conduct of the Board. Their role is to ensure all directors contribute effectively, and that the relationships between directors, and between the Board and management, are constructive and respectful.

Our current Chair is Grant Hodgetts, an independent Non-Executive Director.

Induction Program for Directors

ASX Recommendation 2.6 – A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

To support our Directors to perform their duties, we offer:

- an induction program for new directors;
- a formal annual performance self-assessment of the Board, ARCC, and individual directors; and
- access for our directors to continuing education.





## Principle 3: Act ethically and responsibly

### Code of Conduct

ASX Recommendation 3.1 – A listed entity should:

- (a) establish a code of conduct for its directors, Senior Executives and employees; and
- (b) disclose that code or a summary of it.

Charter Hall has Codes of Conduct for employees and directors that are periodically reviewed and endorsed by our Board. The Codes ensure that we conduct our business honestly and in accordance with ethical values and practices.

The Code for Charter Hall employees sets out how our people are to deal with each other, investors, customers, regulatory bodies and the financial and wider community. Our Anti-Bribery, Fraud & Corruption Risk Management Policy and Protected Disclosure Policy then deal specifically with each person's responsibilities and accountabilities around reporting and investigating unethical behaviour. You can find copies of these policies and the Codes on our website under the 'Corporate Governance' section.

Charter Hall employees are trained regularly on matters pertaining to ethical behaviour in the workplace. Topics covered during the year ending 30 June 2019 included key aspects of the Code of Conduct for employees, as well as Appropriate Workplace Behaviour and Conduct, Work Health and Safety, Money Laundering and Terrorism Financing Risk Awareness, Privacy and Cyber Security.



The Codes ensure that we conduct our business honestly and in accordance with ethical values and practices.

## Principle 4: Safeguard integrity in corporate reporting

### Audit Committee

ASX Recommendation 4.1 – The board of a listed entity should:

- (a) have an audit committee which:
  - (i) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and
  - (ii) is chaired by an independent director, who is not chair of the board,and disclose:
  - (iii) the charter of the committee;
  - (iv) the relevant qualifications and experience of the members of the committee; and
  - (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Audit, Risk and Compliance Committee ("ARCC") oversees the quality and integrity of our accounting, audit, financial and risk management practices. It is made up of independent directors, and is chaired by an independent director, who is not the Chair of the Board.

A charter sets out the Committee's role, responsibilities, composition, structure and membership requirements. Those responsibilities, in summary, are to:

- review the internal control and compliance systems of the Trust;
- monitor the integrity of the financial statements of the Trust;
- consider significant financial reporting issues and judgements made in connection with the Trust's financial statements;



- review and inform the Board on matters relating to the Auditor;
- monitor compliance by the Trust with legal and regulatory requirements; and
- assess at regular intervals whether the Trust's internal financial control systems and risk management framework are adequate.

See 'Board Committees' earlier in this Statement for details of ARCC members. There are details of the Committee's meetings this year, and who attended, in the Directors' Report.

The Board believes that the current members of the ARCC collectively have an appropriate level of financial and property industry expertise to discharge their responsibilities.

### CEO and CFO Declaration

ASX Recommendation 4.2 – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained, and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In accordance with section 295A of the Corporations Act, the Head of Social Infrastructure Funds and General Manager, Finance - Diversified have declared that the Trust's consolidated financial statements are based on sound risk management and internal control processes and that everything is operating as it should to govern financial reporting risks.



## External Auditor

*ASX Recommendation 4.3 – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from Unitholders relevant to the audit.*

The Board has appointed PricewaterhouseCoopers (PwC) as the Trust's Auditor. We expect them to carry out their responsibilities in accordance with Australian law and audit firm policy with respect to partner rotation.

In order to ensure the independence of the Auditor, the Board has adopted an Auditor Independence Policy requiring that:

- the Auditor remain independent from the Trust;
- the Auditor monitor its independence and report to the Board every six months on its continuing independence;
- non-audit assignments undertaken by the Auditor are in accordance with the Policy; and
- all non-audit assignments undertaken by the Auditor are reported to the ARCC.

As a managed investment scheme, the Trust is not required by the Corporations Act 2001 to hold an annual general meeting. In deciding not to hold a Unitholders' meeting, the recommendation in relation to attendance by the external auditor at the AGM is not applicable.



You can find our [Auditor Independence Policy](#) under the 'Corporate Governance' section on our website.

You can find our [Continuous Disclosure and Communications Policy](#) under the 'Corporate Governance' section on our website.

## Principle 5: Make timely and balanced disclosure

### Continuous Disclosure

*ASX Recommendation 5.1 – A listed entity should:*

- (a) *have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*
- (b) *disclose that policy or a summary of it.*

We strive to provide timely, open and accurate information to all stakeholders, including Unitholders, regulators and the wider investment community.

To make sure we have a balanced approach to disclosure, we've adopted a Continuous Disclosure and Communications Policy to ensure compliance with ASX Listing Rules and Australian law around continuous disclosure. Management also established a Continuous Disclosure Committee to review any relevant matters and to determine whether disclosure is required, and then to make appropriate recommendations to the Board.

The Policy sets out various procedures, including dealing with potentially price-sensitive information.

Our Company Secretary is our ASX liaison person.

## Principle 6: Respect the rights of security holders

### Provide information to investors

*ASX Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.*

*The Trust provides information to Unitholders, including:*

- *the right for Unitholders to receive an annual report and updates which keep them informed of the Trust's performance and operations;*
- *placement under the 'News and Media' section of our website of market-sensitive information in the form of ASX announcements, media releases or webcasts;*
- *placement under the 'Investor Centre' section of Charter Hall's website of distribution and tax information, unit price performance, financial results information including the results webcast, investor presentations and past and current reports to Unitholders; and*
- *presentations to investor roadshows that are required to be lodged with the ASX are uploaded to the 'News and Media' section of Charter Hall's website.*

*ASX Recommendation 6.2 – A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

*ASX Recommendation 6.3 – A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of Unitholders.*

*ASX Recommendation 6.4 – A listed entity should give Unitholders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

We understand our legal and regulatory obligations around continuous disclosure as a listed entity. We provide Unitholders with timely communications regarding any matters that may impact or influence our investment performance.

Our dedicated Investor Relations team provides a structured Investor Relations program to communicate relevant matters to investors effectively, concisely and clearly. A dedicated website, [www.charterhall.com.au](http://www.charterhall.com.au), also gives Unitholders access to current and historic information around their current or potential investment in our Trust.

On the site, you can also find all the relevant ASX announcements, reports, results presentations and other media announcements.

Unitholders can choose to communicate with us and our registry provider electronically.

As well as the investor website, we also offer:

- Annual and Half Year results presentations and financial reports which include detailed information on the Trust's business activities and performance;
- a live web-cast of our annual and half-year results presentations, with web-casts also available for review via our website; and
- an annual Sustainability Report that provides an overview of the Group's objectives and performance around important sustainability matters;

We also engage consulting firms to provide independent specialist market feedback through surveying our major Unitholders and seeking their opinions on our business activities, performance, the effectiveness of our communications and investor relations program and also general opinions on the Trust and our team overall.





## Principle 7: Recognise and Manage Risk

### Risk Committee

*ASX Recommendation 7.1 – The board of a listed entity should:*

- (a) *have a risk committee or committees to oversee risk, each of which:*
  - (i) *has at least three members, a majority of whom are independent directors; and*
  - (ii) *is chaired by an independent director;*
- and disclose:*
  - (iii) *the charter of the committee;*
  - (iv) *the members of the committee; and*
  - (v) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a risk committee, disclose the fact and the processes it employs for overseeing the entity's risk management framework.*

*ASX Recommendation 7.2 – The board or a committee of the board should:*

- (a) *review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- (b) *disclose, in relation to each reporting period, whether such a review has taken place.*

Management has implemented a risk management framework under the oversight of the ARCC (see also earlier sections in relation to the ARCC) and the Board. A summary of the ARCC's responsibilities in relation to risk management include:

- regularly reviewing the Enterprise Risk Management Framework ("Framework") including the Trust's Risk Appetite Statement, for recommendation to the Board;
- reviewing at least annually, the Trust's Strategic Risk Register where the Trust's key strategic and operational risks mitigating controls are recorded;

- monitoring Management's performance against the Risk Appetite Statement;
- review the allocation of key risks to the relevant Board or Management committee for approval by the Board and
- review compliance with the Framework and receive reports from Management in relation to the adequacy of the Framework.

With regard to our Framework, this articulates our risk management processes in place and contains a set of operational actions and accountabilities, and the tools, processes and culture that are in place to effectively manage risk.

### Managing conflicts

We have Conflicts of Interest Policy ("COI Policy") for managing conflicts that arise in the course of our business so that the interests of its investor and tenant customers are protected.

The COI Policy provides a transparent framework for managing conflicts of interest to enable us to comply with:

- our legal and regulatory obligations,
- operate within the Board's states risk appetite in relation to conflicts of interest and related party transactions, and
- provide services that are not compromised or diminished by conflicts of interest.

The Related Party Transaction Policy ("RPT Policy") provide guidance on the management of related party transactions between Charter Hall-managed vehicles and their related parties and requires that:

- related party transactions be identified and conducted on arm's length terms;
- related party transactions be tested by reference to whether they meet market standards; and
- decisions about transactions between the Trust and other Charter Hall-managed vehicles or its affiliates, be made by independent members of the Board.
- The Trust has also established protocols for the Board in identifying and managing conflicts, including:
- Board members must declare their interests as required under the Corporations Act, ASX Listing Rules and other general law requirements;



- Board members with a material personal interest in a matter are not to be present at a Board meeting during the consideration of the matter and subsequent vote unless the Board (excluding the relevant Board member) resolves otherwise; and
- Board members with a conflict not involving a material personal interest may be required to absent themselves from the relevant deliberations of the Board.

The Policies are available to view under the ‘Corporate Governance’ section of our website.

Charter Hall also has a conflicts protocols for dealing with competing acquisitions and divestments as well as leasing transactions. Such transactions may arise out of the fact that Charter Hall is also the manager of other listed and unlisted vehicles, and the Trust may transact with them from time to time, or share employees or information with other Charter Hall companies or managed vehicles.

Personal conflicts that might arise generally for directors and employees are covered by the Codes of Conduct referred to earlier in this Statement.

## Internal Audit

*ASX Recommendation 7.3 – A listed entity should:*

- (a) *disclose that it has an internal audit function, how the function is structured and what role it performs; or*
- (b) *if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Board places considerable importance on maintaining a strong control environment through an organisation structure with clearly documented lines of accountability and authority. Charter Hall has implemented an independent internal audit function to provide an independent appraisal function for Management and the ARCC through the systematic review and evaluation of its risk management and internal control processes. The role and responsibilities of the internal auditor is documented in the Internal Audit Charter which is periodically reviewed by the ARCC.

## Sustainability

*ASX Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to economic, environmental, and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

Charter Hall is committed to playing a leading role in achieving a sustainable future, and the Board has adopted Charter Hall’s Sustainability Policy which forms the basis for integrating environmental and social governance issues into the Trust’s activities. This Policy is available to view under the ‘Corporate Governance’ section of our website. In addition, Charter Hall’s Sustainability Report is also available on our website, together with the Group’s sustainability objectives.

# Principle 8: Remunerate fairly and responsibly

## Remuneration Committee

*ASX Recommendation 8.1 – The board of a listed entity should:*

- (a) *have a remuneration committee which:*
  - (i) *has at least three members, a majority of whom are independent directors; and*
  - (ii) *is chaired by an independent director;*
- and disclose:*
  - (iii) *the charter of the committee;*
  - (iv) *the members of the committee; and*
  - (v) *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- (b) *if it does not have a remuneration committee, disclose the fact and the processes it employs for setting the level and composition of remuneration for directors and Senior Executives and ensuring that such remuneration is appropriate and not excessive.*

*ASX Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other Senior Executives.*

Whilst the ASX Corporate Governance Principles recommend we establish a remuneration committee, our Board does not consider it necessary or appropriate as the Trust does not employ staff directly.

The Charter Hall Remuneration and Human Resources Committee helps oversee the Group’s human resources strategies and remuneration framework.

This Charter Hall Committee is responsible for reviewing and making recommendations to the Charter Hall Board in respect of: remuneration and incentive frameworks; short- and long-term incentive plans; diversity and inclusion objectives; talent management and succession planning; and people strategies and policies.

The Executive Directors of CHSIL, and senior managers of Charter Hall that have responsibility for the business activities of the Trust, are not paid by CHSIL or the Trust. They are remunerated by Charter Hall.

The Trust pays fees to CHSIL for carrying out its responsible entity duties for the Trust (which includes ‘Manager’ fees as defined under the Trust’s Constitution). These fees are described further in a separate section ‘Trust’s Management Arrangements’, which you can find in the Corporate Governance Section of our website.

Whilst the Trust’s Management is comprised of Charter Hall employees, there is a strong alignment of interest between those employees and the Trust’s Unitholders. This is evidenced by Charter Hall’s remuneration system which ensures that a significant amount of remuneration is at risk and solely dependent on performance.

Fees of the non-executive directors of CHSIL are paid by the Trust.

Non-executive directors of CHSIL are not entitled to Charter Hall options or securities or to retirement benefits as part of their appointment.

*ASX Recommendation 8.3 – A listed entity which has an equity based remuneration scheme should:*

- (a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- (b) *disclose that policy or a summary of it.*

Our Securities Trading Policy regulates how directors, Senior Executives and employees involved in the management of the Trust can deal in CQE units. The Policy specifies when personal trading is permitted, the restrictions that apply to directors, Senior Executives and employees, and the procedures for obtaining prior clearance for trading during a trading window.

Charter Hall also monitors employee compliance with this Policy as part of its risk management framework. You can find the Securities Trading Policy under the ‘Corporate Governance’ of our website.



