

Sustainability Report 2022

Charter Hall Group



social enterprise supported by

Charter Hall

KICK START Café	
Burgers	Totipot rolls
BREKKIE \$8.00 Bacon, egg, hash brown, choice of sauce	STEAK ROLL \$12.00 Steak, onion, lettuce, tomato, BBQ sauce
MEGA BREKKIE \$12.00 Beef patty, bacon, egg, hash brown, choice of sauce	SCHNITZ ROLL \$11.00 Chicken schnitzel, lettuce, tomato, mayo
CHEESEBURGER \$6.00 Beef, cheese, onion, tomato sauce, mustard (Double beef +\$4)	FALAFEL ROLL (v) \$11.00 Falafel, lettuce, tomato, cucumber, tomato, hummus
KICK START CLASSIC \$12.00 Beef, cheese, lettuce, tomato, onion, pickles, Kick Start burger sauce (Double beef +\$4)	HALOUMI ROLL (v) \$10.00 Haloumi, lettuce, tomato, chipotle mayo
CHICK N' SLAW BURGER \$12.00 Crumbed chicken, cheese, slaw, pickles, chipotle mayo	Sandwiches
	D.L.T. \$9.00 Bacon, lettuce, tomato, mayo
	ROAST BEEF \$9.00 With cheese, lettuce & mustard
	HAM, CHEESE & TOMATO \$8.00
Make it a meal	
+ FRIES & DRINK \$5.00 Upgrade to premium drink + \$2.00	+ CHEESY FRIES & DRINK \$9.00 Upgrade to premium drink + \$2.00
Salads	Sides
CAESAR \$9.00 Lettuce, parmesan, bacon bits, croutons, Caesar dressing	FRIES \$4.00 With choice of sauce
GREEK \$9.00 Lettuce, tomato, cucumber, feta, onion, balsamic dressing	CHEESY FRIES \$8.00 With cheese sauce, bacon bits & jalapeños
Entree	
Beef patty \$4.00 Egg \$2.00 Bacon \$2.00 Chicken \$4.00 Falafel \$4.00 Cheese slice \$1.00 Haloumi \$3.00 Cheese sauce \$2.00 Jalapeños \$1.00 Hash brown \$1.50	
https://www.facebook.com/kickstartcafe/ https://www.instagram.com/kickstartcafe/	



Acknowledgement of Country

Charter Hall is proud to work with our customers and communities to invest in and create places on lands across Australia. We pay our respects to the Traditional Owners, their Elders past and present, and value their care and custodianship of these lands.

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About this report

This report covers the financial year ending 30 June 2022. The sustainability data in this report relates specifically to assets and activities within our direct operational control as Charter Hall Group, unless stated otherwise. It does not include data for other parties such as our tenant customers, suppliers and contractors.

In preparing this report, we have been guided by the Global Reporting Initiative’s Sustainability Reporting Standards as well as the United Nations Sustainable Development Goals, Task Force on Climate-related Financial Disclosures and the United Nations Global Compact. For further details on our disclosures, refer to [Aligning our approach](#).


We commissioned PricewaterhouseCoopers (PwC) to provide assurance (refer to [Assurance statement](#)) across a range of non-financial performance metrics, including environmental, social, economic and governance. PwC are also our financial audit partner and together this partnership will support ongoing integration of financial and non-financial data, as well as prepare Charter Hall for emerging disclosure requirements.

This report should be read at the same time as other key non-financial disclosures, including our [ESG Databook](#), [Corporate Governance and Policy Statements](#), [Modern Slavery Statement](#) and sustainability related disclosures located on our [website](#).

We appreciate you taking the time to read more about what we are doing to be a sustainable and responsible business. If you have any questions or comments, please [Contact](#) us.


Our FY22 highlights

Environmental




Net Zero
by 2025

5 years ahead of target¹




100% renewable by 2025

from long-term Power Purchase Agreement commencing 2024




54% reduction in absolute carbon emissions²

against FY17 baseline year. 60k+ tonnes of carbon abated through renewable electricity in FY22



6.5m sqm

of assets with climate change adaptation plans, representing 85% of Office, 98% of Shopping Centre Retail and 67% of Industrial & Logistics



Maintained Australia's largest Green Star rated footprint

5.2m sqm of Green Star ratings, up 25% since FY21

Social



\$1.28m
invested in the community

including \$578k disaster relief



3,143 hours

volunteered in the community



\$1.4m of space

provided in-kind to community organisations



191 employment outcomes

for vulnerable Australians, exceeding target by 91%



Social procurement recognition

2022 Social Traders Game Changer Award (NSW/ACT)



Reflect Reconciliation Action Plan

launched



88% employee engagement score

above global high-performing norm



Best Health and Wellbeing Program

at the Australian HR Awards



Employer of choice


Awarded WGEA Employer of Choice for Gender Equality



Bronze employer status


for LGBTI+ inclusion in the Australian Workplace Equality Index

Governance




\$2.5bn
Sustainable Finance

transactions to date (\$100m in FY21)




Climate Leaders

ranked 8th in the Asia-Pacific Climate Leaders 2022 (FT/Nikkei)




Frank Lowy Fellowship

winner for our contactless Retail sales collection solution



Modern Slavery Statement

second report launched



TCFD response

second aligned report launched and Climate Scenarios evolved

1. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation.
2. Scope 1 and 2 emissions. Emissions have been calculated using a Market Based approach.

Willogoleche Wind Farm (ENGIE)

INTRODUCTION

Managing Director & Group CEO message



The platform-wide integration of sustainability across our business is a core driver of value creation.

During this year we progressed the refinement of our sustainability framework to directly link economic, environmental, social and governance considerations to our business purpose and strategic advantage. The framework translates intentions into actions and directly responds to our extensive engagement with our investor and tenant customers, employees and other stakeholders about their expectations for how we respond to a changing world. The framework also embraces partnering with these same stakeholders to effect positive change.

It is increasingly concerning to see the impacts of a changing climate on the world around us. Bushfires, floods, heatwaves and ecosystem degradation are no longer future threats but current realities, including here in Australia. Our commitment to a 100 percent reduction in our operational carbon emissions remains a key business focus. We have responded to the international call for accelerated action on emissions reduction by bringing forward our Net Zero carbon target (100 percent reduction in Scope 1 and 2 emissions) by five years to 2025. It is worth noting that buildings contribute to 25 percent of Australia's emissions and almost 50 percent of Australia's electricity consumption, so addressing our own assets' carbon emissions supports our nation's carbon targets.

Our approach to renewable energy extends to our assets and customers. We have 47.2MW of rooftop solar installed across our entire portfolio. Our Shopping Centre Retail sector has installed 6.5MWh of battery storage capacity across four locations to optimise onsite solar generation. Across Industrial & Logistics we have 21.6MW installed, as well as more than 10MW committed to be installed in the coming year across our operational and development assets. Our Social Infrastructure sector has established an \$8.6 million solar investment fund to partner with tenant customers on solar installation, where we don't have operational control.

Over the past five years we have halved our total emissions despite significant growth in our building footprint. Our Power Purchase Agreement (PPA) accesses some 150GWh of renewable energy per annum linked to new renewable energy projects supporting Australia's transition to clean energy. We remain focused on running our business and assets on clean energy, targeting zero emissions in operation and embracing solutions that reduce consumption and support the industry transition to a low carbon economy by facilitating new renewable generation.

We deliver superior assets with strong sustainability credentials. Over the last 18 months, the strength of these credentials has secured over \$2.5 billion in green financing, comprising around 10 percent of our total debt. This financing takes the form of sustainability linked loans (SLLs) and green loans, with SLLs comprising \$1.5 billion and green loans completing the remaining \$1.0 billion.

The social and economic well-being of our communities is also front and centre. We launched our Stage One: Reflect Reconciliation Action Plan in FY22, formalising our commitment to taking meaningful steps towards Reconciliation. We became a member of Supply Nation to connect our operations with First Nations suppliers and to further support First Nations peoples and organisations through our supply chain. We reviewed our standard agreements, processes and guidelines to integrate our actions on human rights and modern slavery. In line with our approach to transparency and disclosure, we published our second Modern Slavery Statement. This included enhanced analysis of supply chain spend by category, and we engaged KPMG to review our modern slavery approach and help us create a forward looking roadmap.

We have seen the strength and fabric of communities impacted from the ongoing impacts of the pandemic, as well as the acute stressors from severe weather events. With the current economic climate, we believe that our approach to contributing to the strength of the communities in which we operate is as important as ever. This past year we focused on maximising the social impact of our community initiatives, addressing exclusion in the workforce, and further developing a national partnership framework. Our total contribution to the community in FY22 was \$5.6 million, with \$1 million overall spend with social enterprises.



We progressed our state-based partnerships with four social enterprises and together created over 190 employment outcomes for vulnerable youth.

We were recognised alongside our long-term partner, social enterprise Two Good Co, in the 2022 Social Traders Game Changer Awards. Together, we were named the Social Procurement Game Changer (NSW/ACT) for demonstrating the value of social enterprise procurement.

We proactively look for opportunities to collaborate with our tenant customers to support our communities. In FY22, we joined our major tenant customers Coles, Woolworths, Toll and Australia Post to support Healthy Heads in Trucks & Sheds and increase awareness of the importance of mental health in the workplace, specifically in the road transport, warehousing and logistics industries. Another customer-focused initiative saw us partner with Morsl, a fully automated self-service café providing fresh and healthy workplace options, to advocate for healthy work environments across the Industrial & Logistics sector. We also partnered with Goodstart, one of Australia's largest not-for-profit early learning providers. Through Goodstart's Early Learning Fund 55 families and their children experiencing significant vulnerability received fee relief.

Our social sustainability strategy aims to not only help enable longer term solutions to social inequities, but to provide immediate support to the community during emergencies and crises. We partnered with Foodbank to help address cost of living pressures and

food insecurity, both significantly exacerbated by the COVID-19 pandemic. In NSW and the ACT, our donation enabled 1,875 emergency hampers to be provided to families. The donation also provided 50,000 meals to Victorians struggling to put food on the table.

While our community investment has historically been focused on our local communities, the pandemic highlighted the interconnection between our own health, and that of the entire world. We recognised that in Australia we have been fortunate to have fast, easy and free access to multiple COVID-19 vaccines, but that is not the case for all countries. This is why we donated \$279,500 to UNICEF's Give the World a Shot campaign, funding the vaccination of 55,900 people in underprivileged countries where support is needed the most. Our donation was linked to a broader initiative of supporting our people safely return to the workplace. For every employee who was double vaccinated, we donated \$500 to the campaign.

At its heart, a sustainability report is about accountability and transparency. As part of this, I would like to invite you to provide feedback on this report. Please use this link to take a [short survey](#). Your input is very much appreciated.

David Harrison
Managing Director & Group CEO

Our business



Charter Hall Group (ASX:CHC) is a fully integrated property investment and funds management company that uses its expertise to access, deploy, manage and invest equity in core real estate sectors, creating value and generating returns for our customers.

Over the past 31 years we have carefully curated a diverse \$65.6 billion property portfolio with 1,548 high-quality properties, including office buildings, retail properties via shopping centre convenience retail, hardware, long WALE convenience retail, hospitality assets, industrial and logistics properties, telco exchanges, universities, life sciences and early learning centres.

Our financial discipline, platform-wide scale, approach to partnership, and integration of ESG are core drivers of continued value for the business. We partner with investor and tenant customers to drive environmental and social value alongside sustainable growth and returns.

In addition to providing sustainable property solutions through our established property portfolio, our \$16.0 billion development pipeline also delivers environmentally viable and technologically-enabled projects for our customers.

We have offices in Sydney, Melbourne, Brisbane, Adelaide and Perth with dedicated teams providing local expertise.

31yrs
in business

\$65.6bn
property funds
under management

1,548
properties

\$16.0bn
development
pipeline

600+
employees

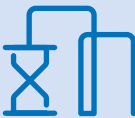
45k+
investor and tenant
customers

Our core areas of business



Investment management

We access capital from wholesale, listed and unlisted equity sources to secure properties with potential to generate consistent, long-term returns.



Property leasing

Working with our customers, we deliver property solutions designed around their needs to achieve long-term leasing.



Property development

We design and deliver Australian developments with a focus on sustainability, innovation and adding value.



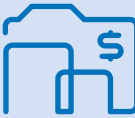
Asset management

We aim to improve our properties, drive performance, build value and deliver better environments for our customers.



Property management

We provide day-to-day management of our properties including placemaking to enhance the customer experience.



Portfolio integration

We provide integrated property portfolio solutions for customers, enabling them to grow with us.

INTRODUCTION

Our footprint

We are proud to have Australia’s largest footprint of Green Star rated assets and will continue to use Green Star, NABERS and WELL to support a healthier built environment for both people and the planet.

Charter Hall has a demonstrated track record in using independent rating tools to benchmark and measure the operational performance of our property portfolios. As a member of the Property Council and the Green Building Council of Australia, we are actively participating in the development and piloting of new rating standards. This includes NABERS Energy for Industrial warehouse and cold storage, NABERS Embodied Carbon and the new Green Star Performance rating tool.

NABERS

5.1 stars NABERS Energy for Office Portfolio rating, covering 96 percent of eligible¹ office assets (by area)

4.5 stars NABERS Energy for Retail Portfolio rating, covering 84 percent of eligible¹ shopping centre assets (by area)

Green Star

4.0 star Green Star Performance portfolio rating, covering 73 per cent of eligible¹ office assets (by area)

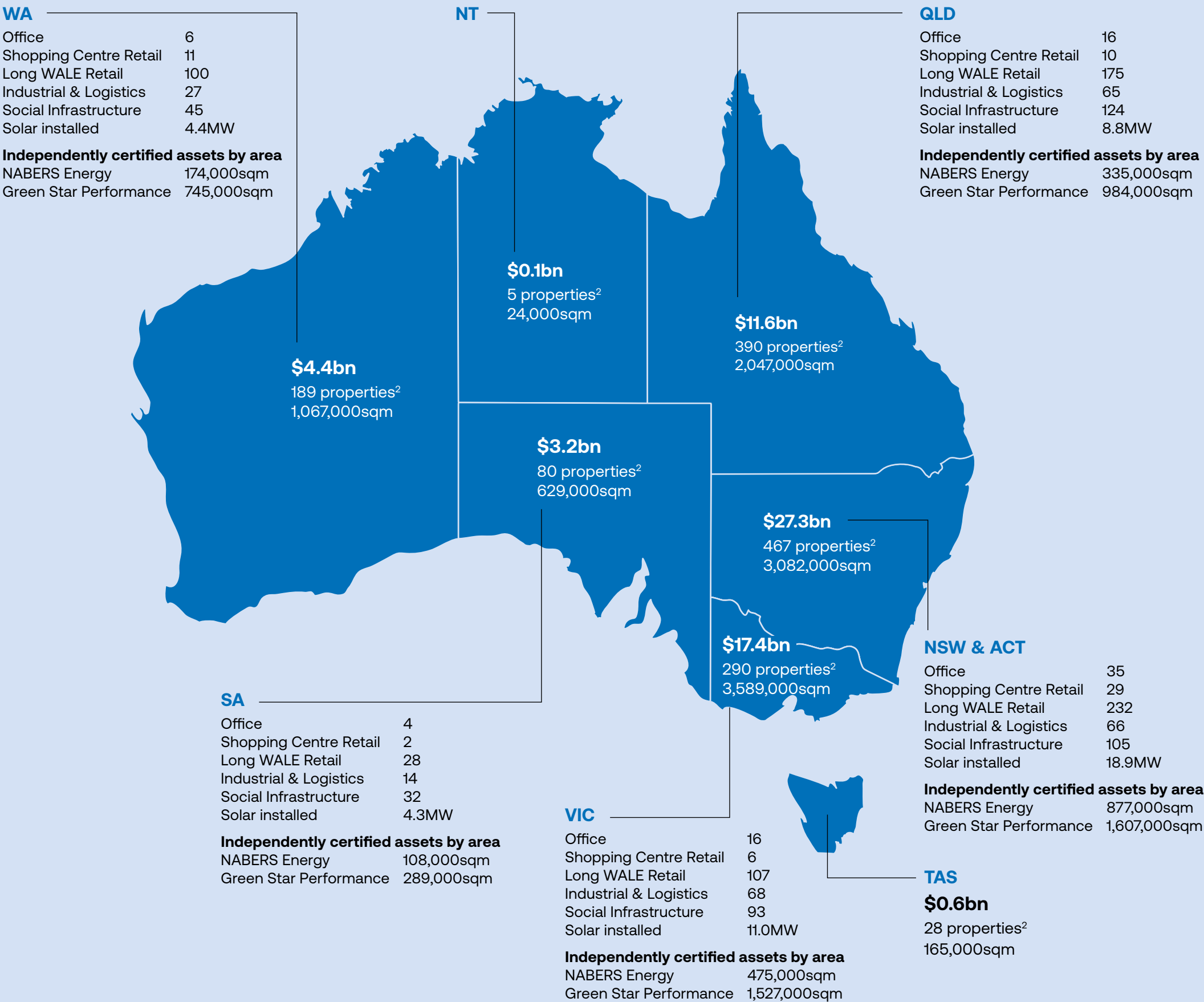
2.0 star Green Star Performance portfolio rating, covering 96 per cent of eligible¹ shopping centre assets (by area)

2.0 star Green Star Performance portfolio rating, covering 51 per cent of eligible¹ industrial assets (by area)

WELL

Continue to pilot WELL Portfolio rating, with more than 800,000 sqm of office space rated

1. Refers to assets that meet the criteria for a NABERS or Green Star Performance rating.



2. Stable assets.

Sustainability approach

Integrated into everything we do

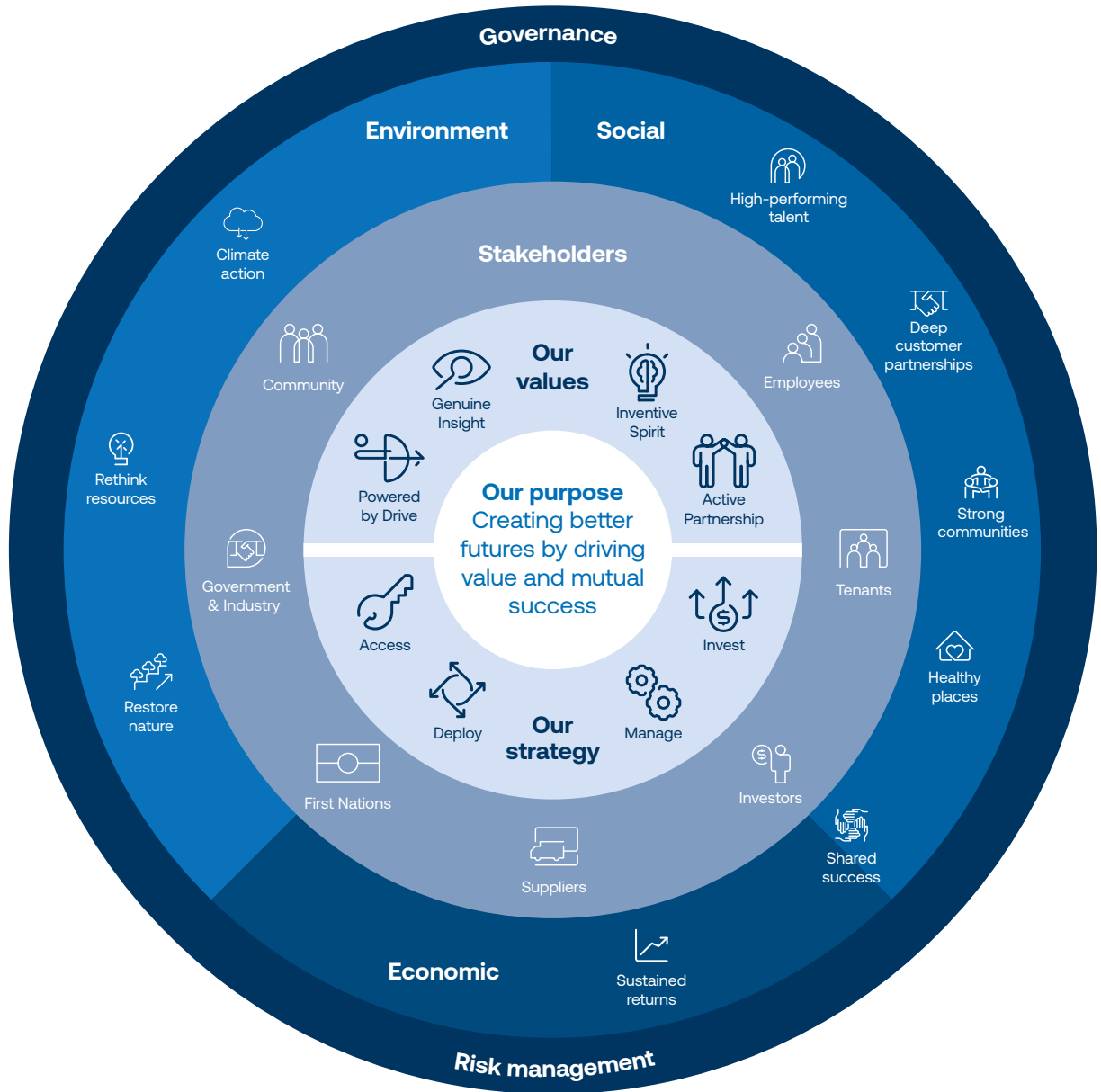
Environmental, social and governance (ESG) considerations create long-term value for our business and customers.

Sustainability is a cornerstone in our delivery of economic, environmental and social value to our direct stakeholders and the broader community. Underpinning this is a continued commitment to operating in line with the highest ethical standards and being a responsible business.

Our sustainability approach remains practical, authentic and action-oriented and enables us to attract and retain capital, customers and employees.

Throughout FY22, we continued to listen to our customers' sustainability concerns and needs. These have helped shape our sustainability framework, which directly links to ESG considerations, material topics and emerging trends that will shape our future.

Our sustainability framework sets out our approach to delivering responsible outcomes across our business and in the communities in which we operate. It focuses on delivering environmental and social value at the same time as pursuing long-term, risk-adjusted returns.



Environment

Creating resilience through meaningful climate action, rethinking our approach to resources and restoring nature.

We work in partnership with our customers to deliver meaningful action on climate change, including the way we adapt and build resilience into our assets. We are focused on resource efficiency, reducing carbon emissions and responding to the physical and transitional risks and opportunities of a changing climate. We are committed to achieving Net Zero carbon in operation and powering our assets with 100% renewable electricity. We continue to deliver on our environmental objectives, including enhancing our approach to circularity and natural capital and biodiversity.



Governance

Operating a responsible business and ensuring effective risk management, as well as ethical and sustainable supply chain engagement.

We conduct business activities in line with the highest ethical standards, strive for a sustainable supply chain and transparently align and disclose our performance with best practice rating tools and frameworks.

Our approach to governance underpins everything we do.



Social

We focus on talent development and customer partnership, as well as building community connection, inclusion and delivering healthier, safer places for people.

We look for ways to increase the strength of communities in which we operate. We create safe, equitable and inclusive environments to support high-performing talent, foster deep customer relationships and build strong communities. We aim to create healthier and more connected local communities, with accessible job creation and skills development opportunities. Through our membership of the Pledge 1% movement, we aim to create mutual success and have a lasting impact on people and the community, pledging up to one percent of profits¹, places² and our people's time.



Economic

Creating shared economic prosperity, sustainable growth and mutual success.

Our integrated commitment to ESG directly influences how we access, deploy, manage, and invest capital to create sustainable growth and returns. We form partnerships and agreements to help support the long-term sustainability of our business partners and judge the success of our approach by our ability to create better futures through driving value and mutual success.

1. One percent of profits related to Property Funds Management. 2. Underutilised space provided to community organisations including vacant tenancies and warehousing space, Casual Mall Leasing, lobby space and car parks.

SUSTAINABILITY OVERVIEW

Sustainability framework

Our sustainability framework focuses on pillars where we can generate the greatest value as a business and is supported by a set of goals, as shown below. The framework focuses on environment, social, economic and governance criteria, alongside shared value and financial outcomes. This approach reinforces our commitment to being a responsible and sustainable business and creating long-term, risk-adjusted returns.

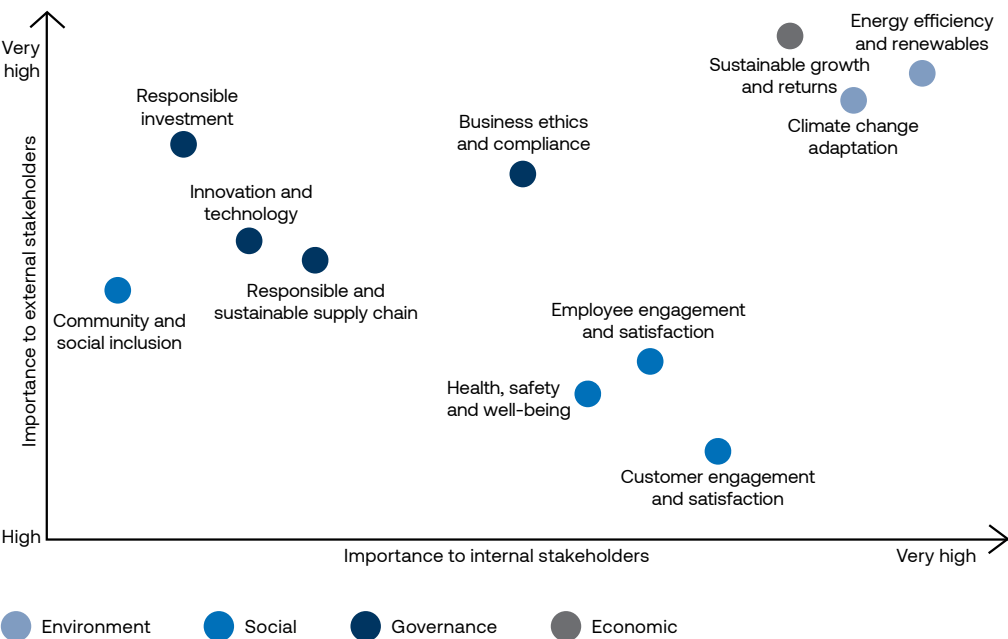
Our pillars align with the United Nations Sustainable Development Goals. Our biannual materiality reviews include feedback from stakeholders and provide ongoing validation of the relevance and currency of these pillars. To help stakeholders understand our strategic response to our key material risks and opportunities, we have structured our accountability to our ESG impacts around the pillars (refer to [Key material issues](#)).

Environment			Social				Economic	
Sustainability pillars								
01 Climate action Achieve Net Zero emissions and strengthen resilience to climate-related impacts	02 Rethink resources Evaluate use of resources as we transition to a circular economy	03 Restore nature Protect and restore natural environments and biodiversity to transition towards a regenerative future	04 High-performing talent Drive performance and engagement by leveraging difference and enabling potential	05 Deep customer partnerships Long-term value creation through cross-sector partnership	06 Strong communities Support resilient communities through inclusion and connected places	07 Healthy places Positive human health and wellness outcomes through better workplace design and management	08 Shared success Shared economic success and sustained livelihoods for our communities and supply chain	09 Sustained returns Long-term risk-adjusted returns for investors
Goals								
Carbon and climate action Achieve Net Zero emissions in our operations and developments Partner with customers and suppliers to reduce carbon emissions in our value chain Energy efficiency Maintain a highly energy efficient portfolio powered by clean energy Resilience and adaptation Strengthen the resilience and adaptive capacity of our portfolio to climate-related impacts Innovation Accelerate automation and operational performance with technology	Waste Minimise waste to landfill in operations and development Materials Maximise, reuse, repair, recycle and re-purpose materials Supply chain innovation Embed circular economy principles into our materials use and supply chain	Water Conserve freshwater resources and reduce reliance on potable water Biodiversity Minimise adverse impacts to biodiversity through our assets and supply chain Restore and regenerate the natural environment to maintain and enhance the integrity of nature	Engaging employees Co-create a culture with our people that drives innovation and an entrepreneurial spirit Unlocking potential Build capabilities for the future by leveraging our operating model to unlock potential for our business and customers Reimagining work Create places that bring people together to think in different ways Celebrating difference Attract and develop talent that represents our diverse customer base and communities (gender, age, LGBTI+, First Nations, disability and ethnicity)	Customer engagement Engage with our customers through regular formal and informal feedback sessions to build an understanding of their needs Strategic growth Leverage our cross-sector platform and the skills and experience of our people to grow our customer base and meet their business requirements Value creation Develop informed, strategic solutions to satisfy customer needs now and in the future Deliver end-to-end workplace solutions and experiences across all property types	Community engagement Work collaboratively with communities to address issues that effect the health of the communities First Nations engagement Facilitate strong, lasting relationships with First Nations’ peoples Community resilience Support communities with immediate relief and longer term recovery from natural disasters and crises Connection through place Design spaces and experiences that develop a sense of belonging and enable communities to connect in a meaningful way	Health, safety and hygiene Implement a portfolio wide strategy to address health, safety and hygiene standards Human centred design Develop flexible and inclusive places that actively support diversity, well-being, productivity and engagement Wellness programs Deliver health and lifestyle amenities, education and wellness services	Pledge 1% Leverage a portion of our profits, space and our people’s time to support our communities Employment outcomes Improve access to learning, skills and job opportunities to support meaningful employment and sustained livelihoods in the communities where we operate Social procurement Strengthen our social impact and expand our community investment through our supply chain partners and processes	Responsible investment Access and deploy capital in a way that creates value for all our stakeholders Sustainable Finance Leverage our approach to ESG to attract and retain capital partners
Governance and responsible business								
Ethics Conducting business activities in line with the highest ethical standards		Cyber security Harnessing the opportunities of digital technology and data while actively protecting the privacy of individuals and companies			Responsible supply chain Procure sustainably and ethically delivered services, products and materials		Transparency and disclosure Disclose ESG information according to national and international best practice standards and rating systems	

Key material issues

Our updated sustainability framework is informed by our key material issues. In 2021, a comprehensive materiality process was undertaken by Charter Hall, together with KPMG, to underpin the development of our sustainability framework, as well as inform our sustainability disclosures. The issues identified as material to Charter Hall are outlined in the materiality matrix below.

Charter Hall materiality matrix



This materiality process included an assessment of megatrends impacting global communities and the property industry, including those outlined in the *Our Future World Global megatrends impacting the way we live over coming decades*¹. The key megatrends that we are actively responding to include:

- Adapt to a changing climate with the adoption of new approaches for business and communities. Refer to [Climate action](#)
- Using science, technology and innovation to enable a more sustainable future with carbon limits, biodiversity preservation and less waste. Refer to [Rethink resources](#)
- Better health and well-being outcomes for all Australians, particularly post impacts of COVID-19. Refer to [Healthy places](#)
- Rapid adoption of digitalisation and automation, including the rising digitisation of organisations and the increasing opportunities provided by new technologies. Refer to [Governance and responsible business](#)

1. <https://www.csiro.au/en/research/technology-space/data/our-future-world>

Our sustainability framework outlines our key areas of focus and informs our approach to governance and responsible business. These focus areas are aligned to our key material issues and respond to feedback from our customers. Refer to each section below for an overview of our focus areas and how they align with our material topics.

	Key material issues	Page
Climate action	<ul style="list-style-type: none">Climate change adaptationEnergy efficiency and renewables	16
Rethink resources	<ul style="list-style-type: none">Responsible and sustainable supply chain	25
Restore nature	<ul style="list-style-type: none">BiodiversityResponsible and sustainable supply chain	27
High-performing talent	<ul style="list-style-type: none">Employee engagement and satisfaction	29
Deep customer partnerships	<ul style="list-style-type: none">Customer engagement and satisfaction	32
Strong communities	<ul style="list-style-type: none">Community and social inclusion	35
Healthy places	<ul style="list-style-type: none">Health, safety and well-being	39
Shared success	<ul style="list-style-type: none">Community and social inclusionResponsible and sustainable supply chain	42
Sustained returns	<ul style="list-style-type: none">Sustainable growth and returns	46
Governance and responsible business	<ul style="list-style-type: none">Responsible and sustainable businessBusiness ethics and complianceResponsible investmentInnovation and technology	49

Refer to [Definitions](#) for further information.

Contextual challenges

Charter Hall has directly responded to challenges experienced through FY22, which has informed our approach for the year ahead and looking forward.

- Extreme weather events increasing in frequency and scale of impact.** Severe floods in southern QLD and northern NSW impacted our tenant customers ability to maintain continuity of operations and the broader communities safety, well-being and livelihood.
- The ongoing impacts of COVID-19 continue to be experienced by our customers and the community.** Many of our tenant customers have had to reconsider the way they conduct business. In response, we actively partnered to ensure that our assets remained relevant. In Office, we provided spaces for collaboration and congregation and supported the transition to a new way of working. We supported our Industrial & Logistics customers with purpose-built facilities that respond to increasing e-commerce requirements. In Shopping Centre Retail, we repositioned our offering to cater for the growing demand for food and beverage outlets.
- According to a report by ACOSS/UNSW², the pandemic’s legacy will include higher inequality and poverty. By September 2021, Australia had 1.7 million people on the lowest income support payments, which represents 25 percent more than before the pandemic. In response, we have focused our community investment on resilience, including crisis relief, food security and vaccinations initiatives, as well as looking to improve access to learning, skills and job opportunities for vulnerable people.
- Increased electricity and fuel prices driven by infrastructure constraints within Australia.** We are supporting our tenant customers with these price rises through initiatives such as actively partnering to install onsite solar and securing grid-supplied renewables through our long-term PPA.
- Transitioning to a low embodied carbon circular nature positive economy.** The technology to remove embodied carbon from concrete and steel is in its infancy and partnering with our supply chain is a continued focus to reduce embodied carbon in our operations. Significant changes are required to transition from “make-use-dispose” to circular reuse and repurpose. We will continue to engage with upstream suppliers to design out embodied carbon through supply chain and procurement activities, as well as partnerships with customers on clean energy to mitigate our downstream Scope 3 emissions.

2. COVID, inequality and poverty in 2020 & 2021, ACOSS/UNSW Sydney Poverty and Inequality Partnership Report, March 2022.

Decision-making

Sustainability is embedded platform-wide into our strategy, operations and decision-making.

Charter Hall Board

Our Board has oversight of our sustainability strategy, policies, risks and opportunities, including our approach to climate change and the integration of ESG into our systems.

Audit Risk and Compliance Committee (ARCC)

The ARCC receives regular updates from the Executive Committee on sustainability issues and initiatives.

Managing Director & Group CEO

Regular reports on our performance against ESG goals and targets are submitted quarterly to the Managing Director & Group CEO. This role has responsibility for the day-to-day management and strategic direction, as well as fostering an environment that supports embedding ESG into business strategy.

Executive Committee

The Executive Committee implements sustainability policies across Charter Hall. The Executive Committee and the Board share ultimate responsibility for overall implementation and governance of sustainability across the business.

ESG teams

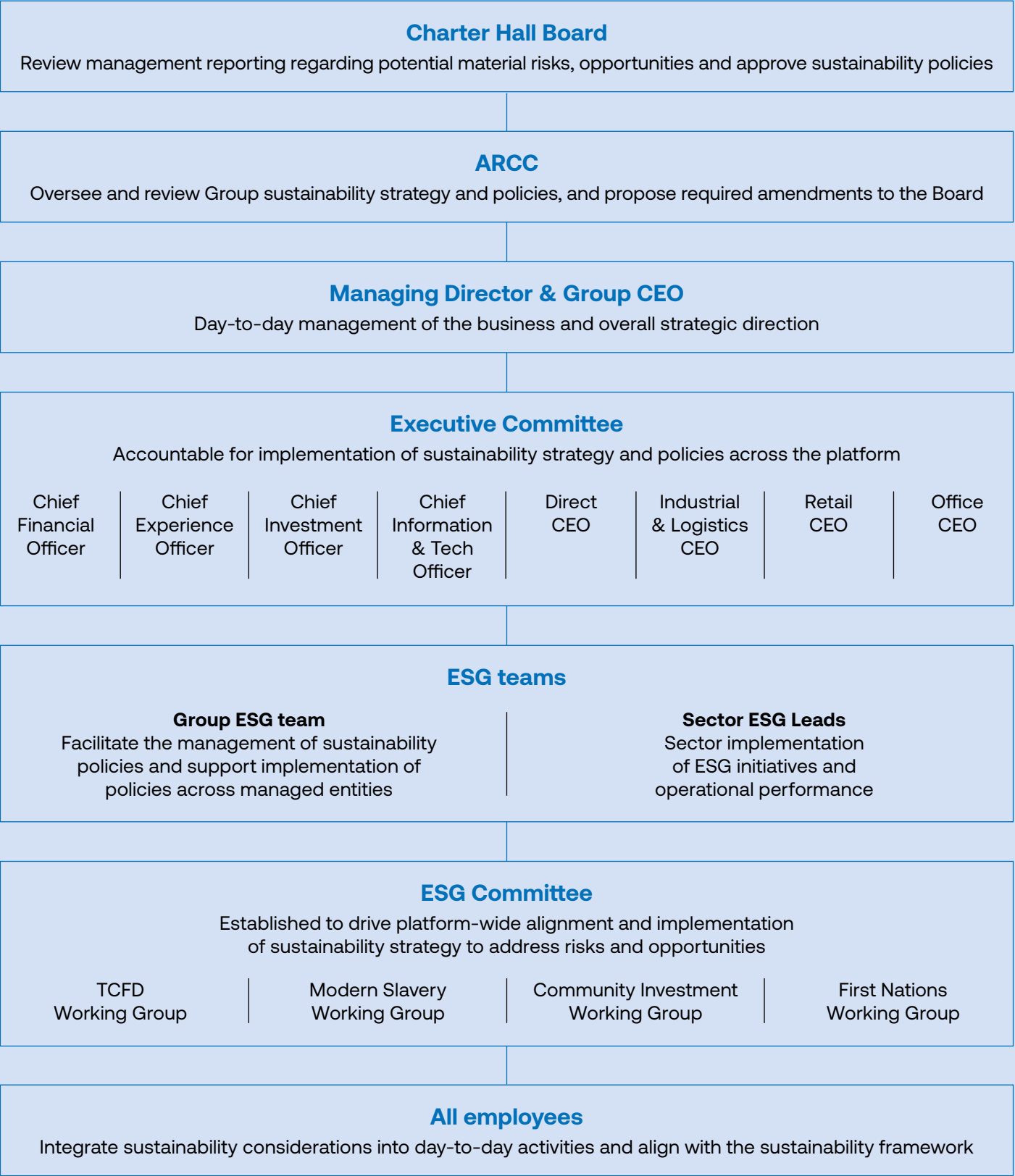
Our Group ESG team regularly reports our performance against ESG goals and targets to the Executive Committee and quarterly to the Managing Director & Group CEO. The ESG team also delivers the strategic and tactical aspects of our sustainability endeavours and is supported by Sector ESG Leads in our Direct, Office, Shopping Centre Retail and Industrial & Logistics portfolios.

ESG Committee

Our ESG Committee remains focused on driving platform-wide alignment and implementation of ESG strategy and initiatives. This year the Committee endorsed procurement of 100 percent renewable electricity for Industrial & Logistics and Office, our continued alignment to the Task Force on Climate-related Financial Disclosures (TCFD) and the implementation of climate change adaptation plans. In addition, the Committee supported the development of our social procurement strategy and social value partnerships.

All employees

Our people drive sustainability outcomes in their day-to-day activities to support continued improvement. They receive guidance on governance and risk management policies, including our Code of Conduct and are required to understand and embrace our Sustainability Policy.



From left: Ben Ellis, Retail CEO; Carmel Hourigan, Office CEO; Steven Bennett, Direct CEO; Sheridan Ware, Chief Information and Technology Officer; David Harrison, Managing Director & Group CEO; Russell Proutt, Chief Financial Officer; Richard Stacker, Industrial & Logistics CEO; Natalie Devlin, Chief Experience Officer; Sean McMahon, Chief Investment Officer.

Stakeholder engagement

Charter Hall adopts an open and collaborative approach to engaging our stakeholders so that we understand their needs and aspirations. This enables us to manage our portfolio appropriately and responsibly, and focus on the issues most important to our investors, tenant customers and employees. The level and type of engagement is guided by the nature of their interest in our business, strategy and sustainability performance.



Employees



Tenants

How we engage

- | | |
|---|--|
| <ul style="list-style-type: none">- Regular employee gatherings with our Group leadership team- Annual employee engagement surveys- Face-to-face briefings and workshops- Programs to address issues material to employees- Intranet and Yammer updates on business news- A secure channel for employees to report any concerns or issues- Training on governance, conduct, diversity and inclusion, human rights and modern slavery, safety and environmental sustainability | <ul style="list-style-type: none">- Undertaking deep dive customer sessions and portfolio reviews- Conducting annual tenant customer satisfaction surveys- Seeking feedback throughout the tenant customer lifecycle- Partnering with tenant customers to achieve their ESG goals and solve key issues- Placemaking workshops- Direct day-to-day contact, and via our facilities management providers |
|---|--|

What we focus on

- | | |
|--|---|
| <ul style="list-style-type: none">- Co-creating a culture that drives innovation- Building capabilities for the future- Leveraging our operating model to unlock potential- Fostering connection and collaboration- Attracting and developing talent that represents our diverse customer base and communities | <ul style="list-style-type: none">- Understanding tenant customers business strategies and how we can support them- Satisfaction levels- Enhancing tenant customer experience- Providing advanced well-being and hygiene initiatives in our assets |
|--|---|

Our response

- | | |
|--|---|
| <ul style="list-style-type: none">- <u>Code of Conduct</u>- <u>Diversity and Inclusion Policy</u>- <u>Whistleblower Policy</u>- <u>Group Privacy Policy</u>- <u>Conflicts of Interest Policy</u>- <u>Work Health and Safety Policy</u>- <u>Anti-Bribery, Fraud and Corruption Risk Management Policy</u> | <ul style="list-style-type: none">- <u>Deep customer partnerships</u>- <u>Healthy places</u> |
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SUSTAINABILITY OVERVIEW



Investors



Suppliers



Government and industry



First Nations



Community

How we engage

<ul style="list-style-type: none">– Investor briefings, roadshows and financial results– Annual General Meetings– Regular investor surveys and one-on-one engagements– Fund Boards quarterly updates to investors– Annual Reports and Sustainability Report– Dow Jones Sustainability Index– Global Real Estate Sustainability Benchmark– Bite-sized learning videos and training	<ul style="list-style-type: none">– Meetings, reporting and project updates– Collaborating on efficient and responsible supplier practices– Performing deep dive workshops on our response to modern slavery and human rights– Requiring suppliers to review and accept our Supplier Code of Conduct annually	<ul style="list-style-type: none">– Regular meetings to discuss community needs– Active membership on a range of industry groups, such as President of the Property Council, Chair of the National Sustainability Roundtable, Chair of InterBuild and various Property Council working groups and committees– Active membership on the Green Building Council of Australia’s Industry Advisory Group (Chair) and the City of Sydney’s Better Building Partnership– Advocating for our industry to be more sustainable	<ul style="list-style-type: none">– Inaugural Reflect Reconciliation Action Plan– Providing cultural awareness training for employees– Acknowledging Traditional Owners at operational assets– Engaging First Nations social enterprises– Connecting with stakeholders on First Nations inclusion	<ul style="list-style-type: none">– Employee volunteering– Membership of Pledge 1% - pledging up to one percent of profits, places and people (volunteering) to support community organisations– Partnering with social enterprises focused on training and employment outcomes for vulnerable Australians– Sponsorship opportunities and partnerships– Employee fundraising events– Community activations– Workplace giving– Community investment, including emergency relief and crisis support
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What we focus on

<ul style="list-style-type: none">– Receiving investor input on our material topics– Engaging investors for input on our business and sustainability strategies	<ul style="list-style-type: none">– Maintaining ESG standards– Creating social value– Supplier Code of Conduct– Modern slavery and human rights– Supplier pre-qualification via Property Council of Australia (Property Council) survey	<ul style="list-style-type: none">– Finding solutions to issues facing the property industry and our communities– Providing input on our material topics– Advocating for a more sustainable property sector	<ul style="list-style-type: none">– Raising cultural awareness– Increasing use of cultural protocols– Celebrating First Nations cultures (eg, NAIDOC Week)– Increasing First Nations employment across our supply chain– Building partnerships with First Nations communities and organisations– Providing professional development opportunities (eg, scholarships)	<ul style="list-style-type: none">– Maximising the social impact of our community initiatives– Creating employment opportunities for vulnerable youth
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Our response

<ul style="list-style-type: none">– <u>Climate action</u>– <u>Rethink resources</u>– <u>Sustained returns</u>	<ul style="list-style-type: none">– <u>Sustainability approach</u>– <u>Climate action</u>– <u>Rethink resources</u>– <u>Shared success</u>– <u>Modern Slavery Statement</u>– <u>Charter Hall Supplier Portal</u>– <u>Human Rights Policy</u>– <u>Supplier Code of Conduct</u>	<ul style="list-style-type: none">– <u>Climate action</u>– <u>Restore nature</u>– <u>Shared success</u>– <u>Sustained returns</u>– <u>Industry memberships</u>	<ul style="list-style-type: none">– <u>Strong communities</u>– <u>Shared success</u>– <u>Reconciliation Action Plan</u>	<ul style="list-style-type: none">– <u>Sustainability approach</u>– <u>Strong communities</u>– <u>Shared success</u>– <u>Sustained returns</u>– <u>Healthy places</u>
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Performance against key targets

Charter Hall monitors and discloses our progress against sustainability targets. The following table summarises our performance against key FY22 targets. Further information can be found in the relevant sections of this report.

	FY22 targets		FY22 achievements		Looking forward
Climate action	100% reduction in Scope 1 and 2 emissions by FY30.	➤	<ul style="list-style-type: none"> 54% reduction in Scope 1 and 2 absolute carbon emissions since FY17 baseline year.¹ Accelerated target for Net Zero emissions (Scope 1 and 2)² by 2025. 		<ul style="list-style-type: none"> Net Zero pathway in place for all assets under operational control by 2025. Climate change adaptation planning in Strategic Asset Plans by 2025. 100% Net Zero carbon (Scope 1 and Scope 2)² by 2025.
	100% of grid-supplied Office electricity to be sourced from offsite renewable electricity.	➤	<ul style="list-style-type: none"> 100% grid-supplied renewable electricity supplied to our workplaces, and Office and Industrial & Logistics assets in our operational control. Group-wide renewable Power Purchase Agreement signed to enable the supply of 100% renewable electricity from offsite renewable development projects to all our assets in operational control from 2024. 		<ul style="list-style-type: none"> 100% renewable electricity by 2025 for all Charter Hall assets under operational control.
	Develop a Scope 3 emissions target aligned to science-based target methodology during FY23.	📈	<ul style="list-style-type: none"> Progress made on defining boundary of Scope 3 emissions target. 61% tenant data coverage achieved through partnering with tenant customers and submetering arrangements. 		<ul style="list-style-type: none"> Establish a Scope 3 target aligned to science-based targets by FY23. Seek 100% tenant emission data by 2023. Net Zero emission developments for Office and Shopping Centre Retail by 2030.
Rethink resources	Waste strategy aligned to circular economy principles.	🕒	<ul style="list-style-type: none"> Waste strategy development in progress, with a focus on identifying opportunities to partner with our tenant customers. 		<ul style="list-style-type: none"> Implement a responsible, resource strategy that addresses circular economy by 2025. Achieve 75% diversion from landfill at our Office and Shopping Centre Retail portfolios where we manage waste by 2030.
Restore nature	Prepare water strategy to address future climate scenarios by FY25.	📈	<ul style="list-style-type: none"> 4.8 stars NABERS Water for Office portfolio, covering 92% of eligible office assets. 4.1 stars NABERS Water for Retail portfolio, covering 60% of eligible shopping centre assets. Implemented water submeters in partnership with our key Industrial & Logistics tenant customers to optimise water usage. 		<ul style="list-style-type: none"> Develop a water strategy that addresses future climate and biodiversity impacts by 2025. Track emerging disclosure frameworks and requirements relating to natural capital, including the Taskforce on Nature-related Financial Disclosures (TNFD) to inform progress relating to investment and active management of real estate portfolios.
High-performing talent	Continue to achieve employee engagement above global high-performing norm.	➤	<ul style="list-style-type: none"> Employee engagement of 88% overall, above global high-performing norm. 93% of our people say that we are a great place to work. 		<ul style="list-style-type: none"> Continue to achieve global high-performing employee engagement. Continue to deeply embed inclusion through the Reconciliation Action Plan, Employer of Choice for Gender Equality and Australian Workplace Equality Index (AWEI) in 2023.
	Female participation on Charter Hall Board of >40%, and in senior management of >40% by FY25.	📈	<ul style="list-style-type: none"> Female participation on Charter Hall Board (executive and non-executive directors) 33%. Female participation in senior management positions 31%. Female participation in the workforce 55%. 		<ul style="list-style-type: none"> Female participation on the CHC Board of >40%, and in senior management of >40% by 2025.
Deep customer partnerships	Enhance customer experience in our places measured through customer satisfaction surveys.	📈	<ul style="list-style-type: none"> Net Promoter Scores (NPS) and satisfaction results were maintained at 5-year highs in Shopping Centre Retail and 3-year highs in Industrial & Logistics. Office and Social Infrastructure achieved positive NPS for their inaugural survey³. 		<ul style="list-style-type: none"> Maintain high level of customer satisfaction through active engagement. Create a benchmark to measure the cross-sector customer experience with Charter Hall, considering all aspects of how we partner with our customers. Establish NPS and satisfaction targets for all sectors by 2025.



Accelerated



Progressed and on track













Progressed but behind schedule

1. Scope 1 and 2 emissions. Emissions have been calculated using a Market Based approach. 2. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation. 3. Comparisons not available for Office and Social Infrastructure as NPS measured for the first time during FY22.



Performance against key targets (continued)

	FY22 targets	FY22 achievements	Looking forward
Strong communities	Launch our Reconciliation Action Plan (RAP).	 <ul style="list-style-type: none"> – Launched our Stage One Reflect RAP, formalising our commitment to taking meaningful and lasting steps towards Reconciliation. – Implemented Traditional Owner acknowledgements across our assets and joined Supply Nation to track spend with First Nations organisations and social enterprises. This data will support forward-looking partnership opportunities. 	<ul style="list-style-type: none"> – Establish a social procurement spend target in FY23 in support of local communities. – Measure and report spend with First Nations businesses by 2023. – All large new Office and Shopping Centre Retail developments to meet the Places credit criteria for Green Star Buildings by 2025. – Continue to develop our community partnership framework and social impact tool by 2025.
Healthy places	Increase coverage of the WELL Portfolio rating to 1.2m sqm, representing more than 68% of our current Office footprint.	 <ul style="list-style-type: none"> – Maintained WELL Portfolio coverage across 800k sqm of operational Office assets, accounting for asset divestments. We have expanded our approach in FY22 to include a larger footprint of Office assets and extended our timeframe to enable the integration of additional Health Safety Standard indicators. 	<ul style="list-style-type: none"> – Transition the WHS management system from ISO 18001 to the new standard ISO 45001 by 2023. – Implement identified WHS training as per the completed training needs analysis by FY23. – Maintain WELL Portfolio accreditation for our workplaces, with two additional workplaces to achieve at least silver accreditation by 2025. – Achieve WELL Building accreditations for all new Office developments by 2025.
Shared success	Deliver 100 meaningful employment outcomes for vulnerable youth.	 <ul style="list-style-type: none"> – Achieved 191 meaningful employment outcomes for vulnerable Australians through our state-based partnerships with Dismantle, Kick Start, White Box and Green Collect, exceeding target by 91%. 	<ul style="list-style-type: none"> – Deliver 100 meaningful employment outcomes per year for vulnerable youth by 2023. – Achieve 400 youth employment outcomes by 2025 and 1,200 by 2030.
	Pledge 1%: invest up to 1% of profits ¹ , space ² and people's time (through volunteering) to charitable organisations and community partners.	 <ul style="list-style-type: none"> – Donated \$1.28m to community organisations across Australia and overseas, of which \$578k was donated to crisis support in response to local impacts of COVID-19 and floods, international access to vaccinations, and support for Ukrainian families relocating to Australia. – In addition to our 1% profit donations, we spent \$1m with social enterprises within our value chain. – 27,801sqm of space valued at over \$1.4m was provided to community organisations. This is slightly lower than FY21 due to the impact of COVID-19 on office tenancies and retail spaces. – Employees volunteered 3,143 hours (equivalent to \$290k) with the community, an increase on FY21 of 263%. 	<ul style="list-style-type: none"> – Contribute up to 1% of our profits, space and people's time to community partners each year to help them achieve positive social impacts by 2025. – Implement a volunteering strategy aligned to our sustainability pillars in 2023. – Volunteer 6,000 hours of time in the community by FY25.
Sustained returns	Actively look at opportunities to utilise green financing to support our ESG strategies.	 <ul style="list-style-type: none"> – Completed \$1.4bn of sustainability linked loans (SLLs) and \$1.0bn of green loans. We had \$100m of SLLs at June 21 which takes the total to \$2.5bn. 	<ul style="list-style-type: none"> – Continue to leverage our ESG credentials in support of green finance activity.
Governance and responsible business	Achieve 100% employee participation in risk and compliance training.	 <ul style="list-style-type: none"> – All our people received training on governance and risk management policies, including our Code of Conduct. 	<ul style="list-style-type: none"> – Publish responsible and ethical investment framework by FY25.
	Expand the number of high-risk suppliers completing the modern slavery pre-qualification.	 <ul style="list-style-type: none"> – Focused our engagement on 33 suppliers in the high-risk industries of cleaning and security. – All employees received modern slavery refresher training, including the process of reporting issues or suspect modern slavery in our operations or supply chains. 	<ul style="list-style-type: none"> – Deliver a Sustainable Supply Chain Framework that addresses modern slavery, preferred materials, and circular economy principles by FY25.

 Accelerated
  Progressed and on track
  Progressed but behind schedule

1. One percent of profits related to Property Funds Management.
 2. Underutilised space provided to community organisations including vacant tenancies and warehousing space, Casual Mall Leasing, lobby space and car parks.

SUSTAINABILITY OVERVIEW

Aligning our approach

We apply a range of best practice frameworks to ensure our sustainability approach evolves and remains impactful. The key frameworks we align with are shown on this page.

We also contribute to and participate in conferences, seminars and forums on sustainability practices and key issues for the property sector that helps inform its approach and share lessons with the sector.

2022 Annual Reports
Financial Performance

Our 2022 Annual Reports for Charter Hall Group (CHC), Long WALE REIT (CLW), Retail REIT (CQR) and Social Infrastructure REIT (CQE) provide an overview of each Fund’s performance and demonstrates how ESG considerations are integrated into how we do business.

Refer to [2022 Annual Reports](#).



Sustainability Report 2022

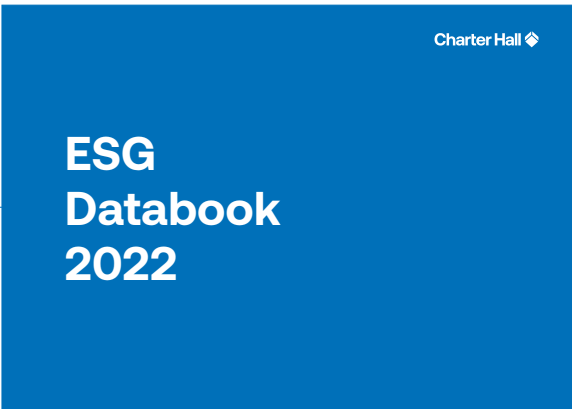
This is the core document for presenting our sustainability progress over the past 12 months.



ESG Databook 2022
Non Financial Performance

While our Sustainability Report provides an overview of our performance against key metrics, our comprehensive Databook provides all our sustainability performance data for Charter Hall, as well as CLW and CQR.

Refer to [ESG Databook 2022](#).



Charter Hall’s approach to:



Global Reporting Initiative (GRI)

GRI is an independent, international body that enables businesses and organisations to be accountable and transparent in relation to their operations and impacts. The GRI reporting framework is now the world’s most widely accepted standard for accountability on ESG impacts.

Refer to [GRI Disclosures in the ESG Databook 2022](#).



Task Force on Climate-related Financial Disclosures (TCFD)

TCFD gives our investors clear, comprehensive, reliable information on climate impacts to better evaluate climate-related risks to our business, make more informed decisions on capital allocation, and better manage risks over the short, medium, and long-term.

Refer to [TCFD Disclosures](#).



United Nations Global Compact (UNGC)

UNGC encourages companies to align their strategies and operations with its Ten Principles on human rights, labour, environment and anti-corruption, and to take actions that advance better societal outcomes through collaboration and innovation. We have been a signatory to the UNGC since 2019.

Refer to [UNGC Communication on Progress](#).



United Nations Sustainable Development Goals (SDGs)

SDGs are the blueprint to address global challenges, including poverty, inequality, climate change, environmental degradation, peace and justice.

Refer to [Alignment to the UN SDGs](#).



Modern Slavery Statement

We produced our second Modern Slavery Statement, in line with Australia’s Modern Slavery Act, with enhanced data and analysis on our supply chain spend by supplier category.

Refer to [Modern Slavery Statement](#).

TAKING ACTION

01

Climate action



Climate change is resulting in extreme weather events, including those which have impacted our business and our communities.

The latest Intergovernmental Panel on Climate Change (IPCC) Report states that global warming of between 1.5°C and 2°C will be exceeded this century, unless significant reductions in carbon emissions occur in the coming decades.

Our business is focused on taking meaningful action and driving resilience. We recognise that the physical and transitional risks of a changing climate pose a serious challenge to us, as well as presenting opportunities for investment in sustainable business growth and returns.

Accelerated action on emission reduction

We have responded to the call for accelerated action on emissions reduction by bringing forward our Net Zero emission by five-years to 2025. Our Net Zero pathway is aligned to a science-based target methodology, focusing on energy efficiency, onsite and offsite renewables, fuel switching and offsetting of residual emissions.

Through the procurement of grid-supplied renewable electricity, we achieved an emissions reduction of 61,500 tonnes CO₂e in FY22. To date, more than 54 percent reduction in absolute emissions¹ was achieved compared to our baseline year FY17, even with a 49 percent increase in floor area. This is shown on the graph which illustrates our decarbonisation progress since FY17.

1. Scope 1 and 2 emissions. Emissions have been calculated using a Market Based approach.
2. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation.



Our material issues

- Climate change adaptation
- Energy efficiency and renewables



Our goals

- Achieve Net Zero emissions in our operations and developments
- Partner with customers and suppliers to reduce carbon emissions in our value chain
- Maintain a highly energy efficient portfolio powered by clean energy
- Strengthen the resilience and adaptive capacity of our portfolio to climate-related impacts
- Accelerate automation and operational performance with technology



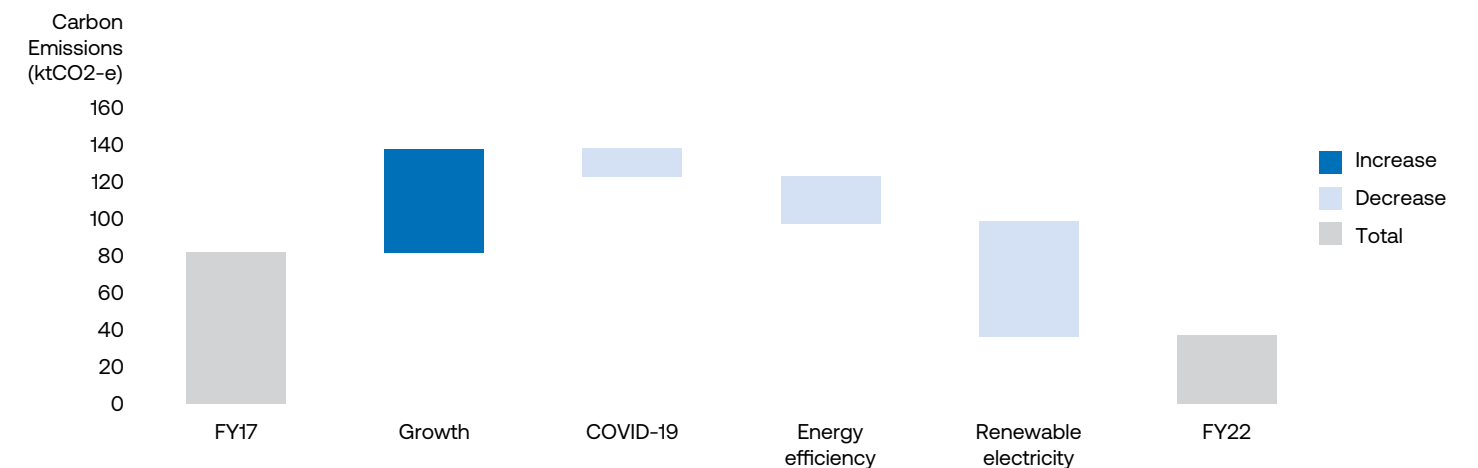
Future targets

- Net Zero pathway in place for all assets under operational control by 2025
- Climate change adaptation planning in Strategic Asset Plans by 2025
- 100% Net Zero carbon (Scope 1 and Scope 2)² by 2025
- 100% renewable electricity by 2025 for all Charter Hall assets under operational control
- Establish a Scope 3 target aligned to science-based targets by FY23
- Seek 100% tenant emission data by 2023
- Net Zero emission developments for Office and Shopping Centre Retail by 2030

Across the year, COVID-19 lockdowns resulted in reduced consumption in the Office sector which we anticipate will rise once occupancies return to pre-pandemic levels. The Office sector achieved an 85 percent reduction in emissions due to the procurement of renewable electricity.

Our Shopping Centre Retail sector continued to trade through the COVID-19 lockdowns and there was not a material change in carbon emissions. There is 22.5MW of solar installed in this sector, of which 19.6MW powers common areas under operational control from 2025. Overall, our carbon emission intensity was 14.7kgCO₂e/sqm, which represents a 69 percent reduction since FY17 despite a growing portfolio.

Decarbonisation progress since FY17



TAKING ACTION

Accelerated action on emission reduction (continued)

Scope 1

Scope 1 emissions are from the combustion of gas and diesel fuel onsite to provide heating, generation of electricity from co-generation and leakage from refrigerants onsite. Our gas consumption increased in FY22 as a result of the increased energy required to heat workplaces due to lower occupancies related to COVID-19 lockdowns.

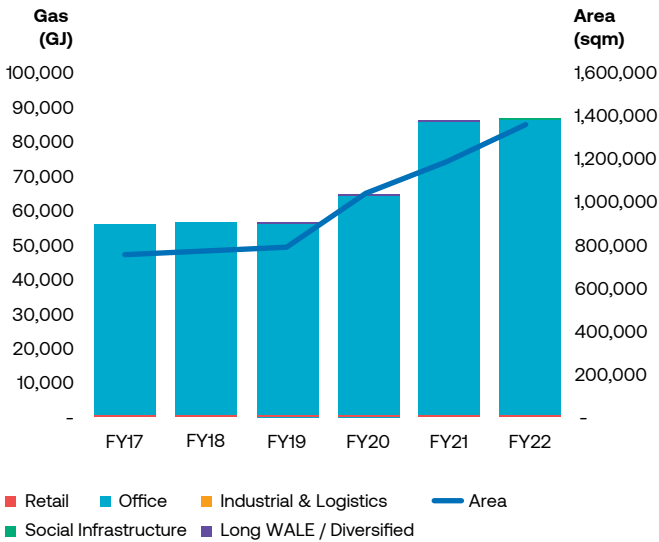
During the reporting period, efforts to reduce Scope 1 emissions have focused on improved control of the operation of boilers. At No.1 Martin Place, Sydney NSW, we piloted using existing electric duct heating rather than the gas fired boiler. This initiative resulted in more than 75 percent reduction in gas consumption. We are continuing this pilot as office assets return to full occupancy.

Over the next 12 months, we will commence undertaking electrification feasibility studies to transition away from natural gas in our Office portfolio.

We designed out fossil fuels in our new office developments, with 60 King William Street, Adelaide SA and 480 Swan Street, Richmond VIC committed to being carbon neutral in operation.

Refrigerants within our air conditioning plant and equipment include hydrofluorocarbons and hydrochlorofluorocarbons. We are gradually phasing out these refrigerants in line with the Montreal protocol.

Gas consumption

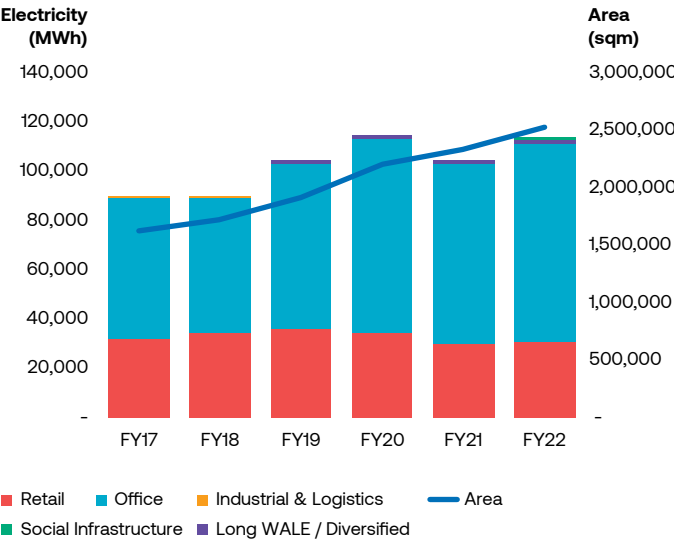


Scope 2

Scope 2 emissions are from the consumption of grid-supplied electricity. In the reporting period, our electricity intensity was 44.8 kWh/sqm/annum, which was a 17 percent reduction on FY17. Total electricity consumption in FY22 increased by 8 percent compared to the previous year, driven by our new acquisitions.

During the year, measures to reduce Scope 2 emissions have focused on renewable electricity procurement and energy efficiency. Refer to [Clean energy](#) and [Maximising energy efficiency](#).

Electricity consumption



Carbon offsets

In the period, Charter Hall has worked on developing a carbon offset strategy aligned with our Net Zero carbon target. We acknowledge that we will be required to purchase carbon credits to offset residual emissions which have no renewable alternative. Currently, we forecast that diesel, gas and refrigerant emissions will account for 30 percent, or around 11,000 tonnes CO₂e, per annum.

Charter Hall considers nature-based offsets with social co-benefits as offsets of choice and has established a carbon offset strategy in partnership with a carbon market specialist in FY22. The last 12 months saw carbon price volatility, driven by availability of high-quality offsets, policy change and voluntary procurement linked to corporate commitments. Increased pressure on carbon pricing is likely and we have evaluated our Net Zero carbon pathway to consider transitional risks and opportunities of a high, medium and low carbon price.

	FY25	FY30
High price scenario	\$57/t	\$100/t
Medium price scenario	\$45/t	\$75/t
Low price scenario	\$35/t	\$60/t

Scope 3

Our Scope 3 emissions are the indirect carbon emissions resulting from activities in our value chain that are outside of our operational control. We recognise that Scope 3 emissions are material for our business and include:

- Upstream activities – embodied carbon and construction emissions from our developments; and
- Downstream activities – tenant energy consumption in our assets.

We have commenced defining our Scope 3 boundary in accordance with Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 emissions.

Corporate emissions

Our corporate workplaces consumed 352MWh of electricity during FY22, an increase of 4% from the prior year due to the expansion of floor plate in our Sydney workplace. We procured 100% renewable electricity for all our workplaces and reduced our Scope 2 carbon emissions to zero.

	FY20	FY21	FY22
Electricity (kWh)	360,010	338,552	352,298
% renewable electricity			100
Scope 2 emissions – location based	292	276	290
Scope 2 emissions – market based			0

TAKING ACTION



Willogoleche Wind Farm (ENGIE)

Accelerated action on emission reduction (continued)

Partnering with suppliers to reduce carbon

To address our upstream emissions, Charter Hall has committed to new office developments achieving Net Zero by 2030. This means we will reduce and offset embodied carbon associated with the extraction, manufacture and transportation of the materials we use in our developments and the emissions associated with construction activities.

In our current Office developments we are reducing embodied carbon by specifying fly ash replacement of cement in concrete mixes; selecting low-impact sustainable material for internal partitions and finishes; optimising structural design to reduce concrete volumes; and rationalising the shape of the building to achieve a more efficient façade envelope while maximising floor plates.

We are targeting a 20 percent reduction in embodied carbon for our new Office developments that are commencing construction from FY23, and targeting 40 percent reduction for new developments commencing construction in FY26. This approach is aligned with the Green Building Council of Australia’s Green Star for Buildings rating tool.

We recognise that we will need to collaborate with suppliers, architects, engineers and technical consultants as well as our industry peers to facilitate acceleration on reducing embodied carbon.

Active partnership with our tenant customers

For our downstream emission, we are proactively working with our tenant customers to reduce their energy related emissions through:

- Partnering with our tenant customers on Clean energy.
- Understanding whole of asset performance, with our tenant customers to collect 65 percent of environmental data by area.

Progress against our climate action targets

FY22 targets		FY22 achievements
100% reduction in Scope 1 and 2 emissions by FY30.	»	54% reduction in absolute Scope 1 and 2 emissions ¹ since FY17 (Market Based approach). Accelerated our Net Zero carbon target by 5 years.
100% of grid-supplied Office electricity to be sourced from offsite renewable electricity.	»	100% grid-supplied renewable electricity supplied to our workplaces, Office and Industrial & Logistics assets in our operational control. Group-wide renewable Power Purchase Agreement executed to enable the supply of 100% renewable electricity from offsite renewable development projects to our assets under operational control from 2024.
Develop a Scope 3 emissions target aligned to science-based target methodology during FY23.	↗	Progress on Scope 3 emission target aligned to science-based methodology by defining scope and boundary. 61% tenant data coverage (by area) achieved through partnering with tenant customers and submetering arrangements.
Develop guidelines for Net Zero Office developments.	»	Contributed to development of NABERS Embodied Carbon tool. Our development at 480 Swan Street, Richmond VIC is committed to being fully electric and designed for Net Zero in operations. The emissions associated with construction of this development will be carbon neutral.
Develop a roadmap to transition away from fossil fuels and align with asset capital expenditure and operational expenditure budgets over lifecycle.	↗	Electrification feasibility studies have commenced in the Office portfolio.

» Accelerated ↗ Progressed and on track ⌚ Progressed but behind schedule

1. Scope 1 and 2 emissions. Emissions have been calculated using a Market Based approach.

TAKING ACTION

Net Zero by 2025¹

Charter Hall has bought forward our Net Zero emission target by five years to 2025.

We are well progressed on our journey to Net Zero, with a 54% percent reduction to date, driven by 100 percent renewable grid-supplied electricity supplied to our Office and Industrial & Logistics portfolios under operational control, and our workplaces.

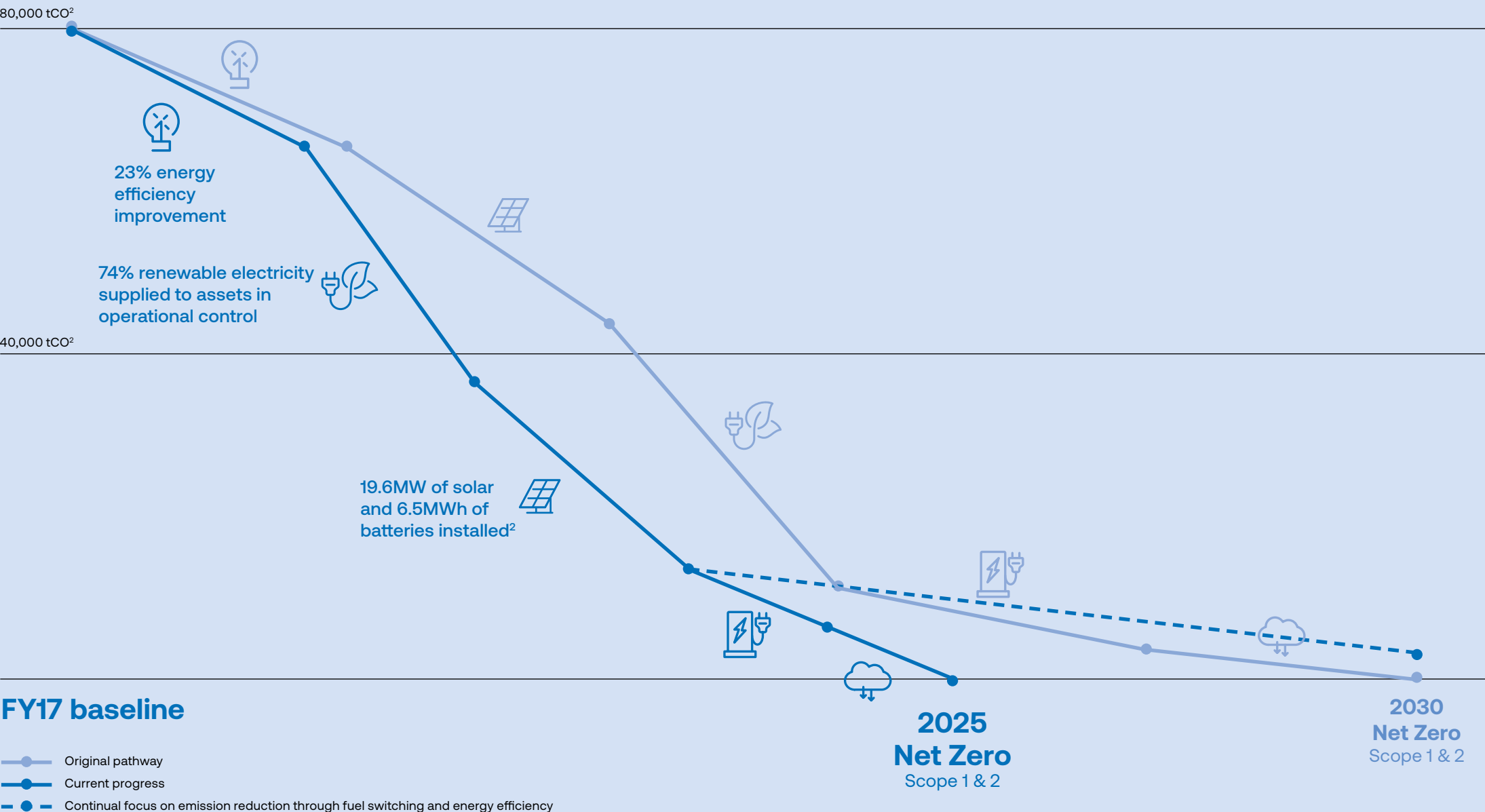
This year, we also developed our carbon offset strategy to procure quality offset units for our residual emissions. We are committed to enhancing energy efficiency across the business and will partner with industry to investigate technology solutions to reduce our Scope 1 emissions.

We recognise the need to measure and address our indirect emissions (Scope 3) and are actively working towards defining our boundary and assessing our Scope 3 target aligned with the science-based target methodology in FY23.

Progress on our Net Zero pathway

Scope 1 and 2

Our Scope 1 and 2 approach to Net Zero emissions by 2025 involves maintaining a highly energy-efficient portfolio that is powered by renewables and taking steps to transition away from fossil fuels to reduce our need to offset our residual emissions.



Energy efficiency

- Minimum NABERS Energy weighted average targets for our stabilised assets (that are not subject to development or repositioning)
- Green Star Design As Built and Green Star Performance commitments in place across our Industrial & Logistics, Shopping Centre Retail and Office sectors



Renewable procurement

- Procurement of 100% renewable electricity to supply to assets in our operational control



Onsite renewables

- Maximising our roof space to install onsite renewables



Fuel switching

- Electrification of gas plant and equipment
- Phase out refrigerants as per the Montreal Protocol
 - R22 100% reduction by 2030
 - R134A 100% reduction by 2050



Carbon offset

- Residual emissions to be compensated using carbon offsets

1. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation.
2. As part of PPA which will supply renewable electricity to the Shopping Centre Retail portfolio by FY25.

TAKING ACTION

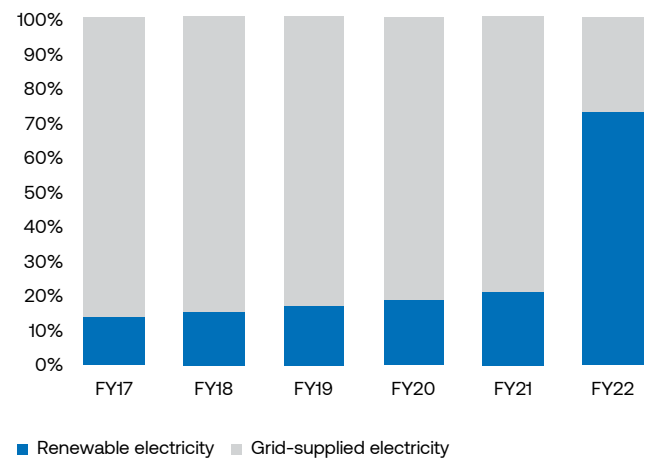
Clean energy

Offsite energy

From 1 July 2021, 100 percent of Charter Hall's workplaces, as well as our Industrial & Logistics and Office assets under operational control, switched to grid-supplied renewable electricity. This resulted in the avoidance of more than 60,000 tonnes of carbon.

Continued focus and investment in renewables is a key component of our roadmap to Net Zero carbon. This is especially important considering that 88 percent of our emissions are the result of the indirect emissions from electricity we purchase and use (our Scope 2 emissions).

Uptake of renewable electricity



Our approach to securing renewable electricity included:

1. From 1 July 2021, our Office portfolio switched to 100 percent grid-supplied renewables, purchasing green power nationally until the end of FY23.¹ This was obtained at a time in the electricity market when it was cost-neutral to secure green power.
2. We engaged the Australian energy market to secure long-term access to renewable electricity. A specific requirement of this was to establish market linkage to electricity pricing, leverage our procurement at scale, and support this through direct investment in new energy projects that align with clean energy generation for the National Electricity Market.
3. We secured an Energy Supply Agreement to provide our WA Office portfolio with renewable electricity through an offsite wind farm.
4. We signed a Power Purchase Agreement (PPA) which provides for the procurement of 151GWh of renewable energy per annum from state-based wind and solar renewable energy projects. This is the equivalent of powering approximately 26,000 average homes with renewable electricity each year.

Within our Shopping Centre Retail portfolio, we have 19.6MW installed as part of a separate PPA. During the year, we installed batteries with 6.5MWh total operating capacity to improve the performance of the solar. Refer to [Optimising peak demand and improving grid stability through batteries](#) case study.

Onsite energy

Charter Hall continues to partner with tenant customers to install renewable electricity generation and storage capacity in our assets. We have increased our solar installation from 4.6MW in FY19 to over 47.2MW today.

Clean energy is a critical component in reducing our Scope 3 emissions and lowering the operating costs for tenant customers. By delivering on our shared ESG targets and aspirations, we can collectively support the uptake and investment in clean energy.

Office

We have 1.5MW of solar installed in this sector of which 0.5MW is supplied directly to tenant customers. A key challenge for increasing solar in this asset class is the limited roof area available for onsite generation.

All Office assets in our development pipeline are required to investigate the installation of solar as part of the development brief, including the viability of building integrated solar systems.

Industrial & Logistics

We have 21.6MW of solar installed across the portfolio supplied to tenant customers. In FY22, we partnered with seven tenant customers to install 10MW of solar. Our Industrial & Logistics developments have a minimum requirement of 100kW of solar for each asset. Our development pipeline has 4.6MW of solar planned on top of this minimum through tenant customers partnerships.

Shopping Centre Retail

Tenant customers within our Shopping Centre Retail portfolio are supplied with renewable electricity from 3.0MW of installed solar.

Long WALE Retail

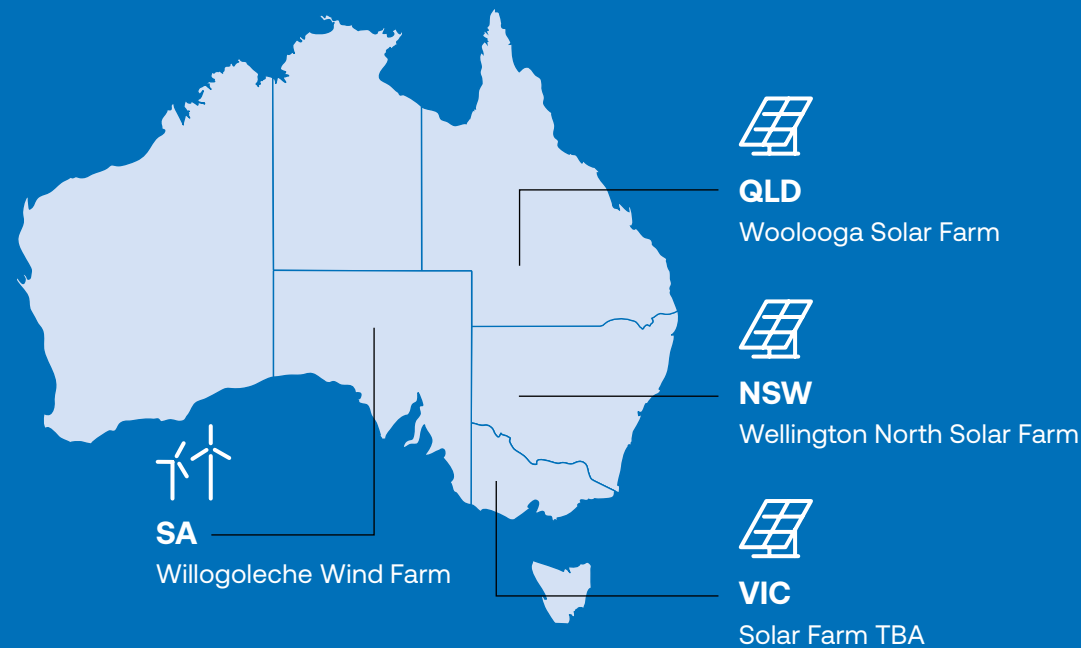
We have 1.5MW of solar installed across the Long WALE Retail portfolio.

Social Infrastructure

During FY22, we established an \$8.6 million solar fund to roll-out solar on the roofs of our childcare centres. As part of this, we have commenced solar feasibility assessments across 35 sites. We have 112kW of onsite solar, of which 13kW is powering tenants at two childcare centres. An additional 6kW is planned as part of the development of two new early learning centres.

Securing offsite renewables

Charter Hall has become a Foundational Clean Energy Partner with global renewable energy giant ENGIE Australia & New Zealand. The PPA will provide 151GWh of wind and solar power annually to 152 Charter Hall sites nation-wide.



Progress against our clean energy targets

FY22 targets

100% of grid-supplied Office electricity to be sourced from offsite renewable electricity.

Continue solar implementation across the Industrial & Logistics sector. Commence implementation in the Social Infrastructure sector.

FY22 achievements



100% renewable electricity supplied to our workplaces, Office and Industrial & Logistics assets in our operational control. Group-wide renewable PPA signed to enable the supply of 100% renewable electricity from offsite renewable development projects to our assets under operational control from 2024.



47.2MW installed across the portfolio with an increase of 6.1MW during FY22.



Accelerated



Progressed and on track



Progressed but behind schedule

1. For assets within operational control at contract commencement.

TAKING ACTION

Maximising energy efficiency

Charter Hall uses NABERS Energy efficiency ratings to track improvements in our energy performance. Our NABERS Energy for Office Portfolio rating has improved to 5.1 stars, which is a 0.1 star improvement in the last 12 months and an overall improvement of 0.7 star since FY17.

Following the implementation of our building analytics platform in FY21, this year we focused on optimisation strategies. This included reducing overnight consumption, managing peak demand, data driven maintenance and enabling correct holiday schedules.

NABERS Energy for Retail Portfolio rating has been maintained at 4.6 stars, despite expanding our coverage by 28 percent. Our rating has improved by 0.9 star since FY17. Our energy efficiency measures improve the management of out-of-hours air conditioning, fans and lighting.

During FY22 we partnered with Metcash to pilot the new NABERS Energy for Warehouse and Cold Storage Portfolio rating. Port Wakefield Road Distribution Centre, SA achieved a 4 stars NABERS Energy.

Adaptation and resilience

During the year, climate change adaptation planning was conducted for the Shopping Centre Retail and Office portfolios. The assessment considered climate risk exposure under Climate Scenario RCP8.5 for 2030 and 2050, based on IPCC AR5 and CSIRO projections (*Climate Change in Australia*) and in alignment with AS5334-2013 *Climate change adaptation for settlements and infrastructure – a risk-based approach*.

Both acute stressors (storms, hail, wind and air quality) and chronic stressors (sea level rise, heat and drought) were considered for determining physical impacts to the building envelope, heating, ventilation and air conditioning (HVAC) plant, services and access requirements.

Secondary impacts (business continuity, disaster preparedness, social and community impacts) were not considered as part of this assessment. These secondary impacts will be a continued focus and opportunity to actively partner with our tenants. Short term (0–5 years), medium term (5–15 years) and long term (15+ years) adaptation measures were aligned to asset planning timeframes.

The majority of Office and Shopping Centre Retail assets were identified to have an extreme risk to heat exposure (increased hot days and heatwaves) by 2050. This will result in increased loads on HVAC systems to maintain thermal comfort, higher chance of heat related blackouts, increased energy use and patronage for Shopping Centre Retail assets.

Adaptation measures include:

- Assessing the appropriateness and type of cooling system, with a focus on heat risk in planning for end-of-life replacement
- Ameliorating the impact of urban heat islanding by increasing vegetation and shading and implementing lighter colours in façades and roofs
- Reducing reliance on grid-supplied electricity by improving solar and battery storage

A small number of office assets in Parramatta, NSW and Brisbane, QLD were identified as being exposed to flood risk.

Mitigation measures such as flood gates are already in place, and plant and equipment are located above the one-in-100 year flood level, so the overall risk is considered low. Our shopping centre in Sunnyside, NSW was subjected to the recent floods, however the overall risk was considered medium and our mitigation measures prevented damage.

A small number of assets are located in low-lying coastal areas, and are likely to be impacted by sea level rise. Adaptation measures are limited, and more investigation is required with solutions focused on a regional rather than asset-based solution.

Just under half of our assets were identified with a high-risk of impact from extreme storms including wind, hail or inundation.

Adaptation measures proposed include:

- improvements to roofs and site drainage systems
- reinforcement of roofs
- increased operational management, including regular inspections

During FY23 we will be refining the adaptation measures and incorporating into future strategic asset planning.

Progress against our energy efficiency targets

FY22 targets

FY22 achievements

Establish new NABERS Energy targets at both portfolio and asset levels by FY22.



5.1 stars NABERS Energy for Office Portfolio rating, covering 96% of eligible office assets (by area).
Six of our funds included in the Top 10 NABERS Energy Sustainable Portfolio Index.
Industrial & Logistics participated in a pilot for the NABERS Energy for Warehouse and Cold Storage Portfolio rating, achieving certification for Port Wakefield Road Distribution Centre, SA in partnership with Metcash.

Expand our coverage of NABERS ratings to Shopping Centre Retail assets.



Expanded coverage of rated assets to include centres >5,000sqm.
4.5 stars NABERS Energy for Retail Portfolio rating, covering 84% of eligible shopping centre assets (by area).

6 star Green Star targeted for new CBD Office developments.
5.0 stars NABERS Energy commitment agreement for new CBD Office Developments.



The Glasshouse, NSW achieved 5 star Green Star Design & As Built and 5.5 stars NABERS Energy rating.
6 Hassall Street, NSW achieved 6 star Green Star Design & As Built rating.

Progress against our resilience and adaptation targets

FY22 targets

FY22 achievements

Complete Climate Change and Adaptation Plans (CCAP) for remaining Industrial & Logistics, Office and Shopping Centre Retail properties and incorporate CCAP into decision-making processes, including on-boarding of new assets.



Completed for Office (85% by floor area) and Shopping Centre Retail (98% be floor area) based on RCP8.5 as a worst case scenario.
CCAP completed for Office and Shopping Centre Retail assets in operational control. Process implemented to consider Climate Change Risk Exposure in the decision-making process for new assets. Our Industrial & Logistics sector reports 67% coverage by area, noting acquisitions in the period.



Accelerated



Progressed and on track



Progressed but behind schedule



Climate governance and disclosure

We have actively aligned our climate action roadmap to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to direct meaningful steps to meet our objectives.

We use the TCFD to improve and increase our reporting of climate-related financial information. It covers risks and opportunities from rising temperatures, climate policy and emerging technologies that enable more informed investment decisions.

Pleasingly, Charter Hall has been recognised for its leadership in climate disclosure by the PRI Climate Leaders Index (2021) and we ranked eighth out of 200 in the Asia-Pacific Climate Leaders 2022 (FT/Nikkei).

In FY21, our TCFD reporting focused on updating investors on our governance processes for managing climate-related risks and opportunities, in addition to our continued disclosure of Scope 1 and Scope 2 emissions.

The sixth Intergovernmental Panel of Climate Change (IPCC) Report recognises that climate change is already affecting many extreme weather events. Within Australia, we have experienced increased occurrence of bushfires, floods, extreme storms and droughts.

Global climate change will generate impacts on the environment and in the communities in which we operate – these present a serious challenge to our business.

This will have material impact on our properties and tenant customers, such as:

- Increased days of extreme temperature will have a significant impact on our thermal comfort services
- Increased extreme fire weather days and dust storms will have a significant impact on our indoor air quality services
- Increased days of drought will put stress on potable water supply
- Higher instances of heavy rainfall and floods will significantly impact the physical structures of our buildings, and potentially cause people and businesses harm

We remain committed to building resilience in our assets to support customers through resource efficiency, carbon emission reduction, and embedding climate change adaptation measures to deliver long-term value.

As part of our approach to delivering meaningful action on climate change, we have aligned our approach to the UN Sustainable Development Goals (SDGs), specifically SDG 6 Clean Water and Sanitation, SDG 7 Affordable and Clean Energy, SDG 11 Sustainable Cities and Communities, SDG 12 Responsible Consumption and Production and SDG 13 Climate Action. Refer to [Alignment to the UN SDGs](#). We applied the UN Secretary General's climate-positive actions to accelerate towards a low carbon economy that creates green jobs and sustainable growth and returns.



Governance

- Charter Hall Board continued to oversee sustainability strategy and policies (including our approach to climate change and integrating ESG) through the Audit Risk and Compliance Committee
- Executive Committee engaged on climate change scenario planning, specifically adopting socioeconomic pathways and adjusting to plausible emissions pathways as released by the IPCC with Assessment Report 6 (AR6)
- Executive Committee continued to have strategic oversight of ESG strategy and implementation, led by the ESG Committee ensuring platform-wide alignment and implementation



Strategy

- Accelerated Net Zero carbon target for Scope 1 and Scope 2 to 2025
- 100 percent renewable electricity by 2025 for Charter Hall workplaces and assets under operational control
- Progressed on Scope 3 emission target aligned to science-based methodology by defining scope and boundary
- Updated Climate Scenarios

1. Our Net Zero target applies to Scope 1 and Scope 2 emissions for existing assets that fall under the operational control of responsible entities for which Charter Hall Limited is the controlling corporation.
2. Scope 1 and 2 emissions. Emissions have been calculated using a Market Based approach.



Risk management

- Implemented our Climate Risk due diligence process for acquisition and investment strategies
- Continued to progress physical risk assessments across our Office, Shopping Centre Retail and Industrial & Logistics portfolios
- CCAP have been completed for 98 percent of Shopping Centre Retail, 85 percent of Office and 67 percent of Industrial & Logistics sectors
- Secured long-term renewable electricity supply linked to new renewable development projects between 2024 and 2030



Metrics and targets

Target

- Established Net Zero carbon Scope 1 and 2 by 2025¹
- 100 percent renewables by 2025

Achieved

- 54 percent reduction in absolute Scope 1 and 2 emissions² against FY17, achieved through energy efficiency and procurement of renewable electricity
- 100 percent renewable grid-supplied electricity to Industrial & Logistics and Office portfolios under operational control and Charter Hall workplaces
- Increased our green financing from zero 18 months ago to \$2.5 billion at the end of this reporting period linked to sustainability benchmarks

New developments

- To address our upstream emissions, Charter Hall is targeting new Office developments achieving Net Zero from 2030
- Design for Net Zero in operations at 480 Swan Street, Richmond VIC
- Focus on exploring methods to reduce upfront (embodied) carbon

TAKING ACTION

Charter Hall’s updated Climate Scenarios

Building on our existing scenario analysis which was based on Representative Concentration Pathway (RCP) 2.6 ‘best case’ and RCP8.5 ‘business as usual’ (worst case) scenarios, in FY22 we updated our scenario planning to incorporate the socioeconomic indicators of climate change. When coupled with RCPs, the Shared Socioeconomic Pathway (SSP) provides a more complete picture of risks and opportunities that may arise across a range of plausible climate change outcomes and society’s response.

As a business, we acknowledge that there are global uncertainties which relate to both emissions pathways and the pace of policy implementation, as well as the effectiveness of technology and pace of investment. Our scenarios have been created to test future climate-related risks and opportunities for Charter Hall.

The three scenarios align to "middle of the road" (Technology and Policy Effectiveness) to best outcomes (Equitable Well-being) and worst outcomes (Regional Rivalry), relevant to the challenges presented for adaptation and mitigation of climate change. Each of these scenarios are centred around specific societal pressures led by demand, supply or market drivers respectively, and use quantitative and qualitative projections of socioeconomic drivers including population, GDP and urbanisation to model energy use, air pollution, land use and greenhouse gas emissions.

Looking forward, we will evaluate the scenarios at an industry, sector and company level.



Scenario 1 Technology and Policy Effectiveness

This scenario is “middle of the road” and tests the effectiveness of technology and policy response to decarbonising a growing economy. Socioeconomic trends rely on technology and policy effectiveness to limit global warming.

- Degree warming potential 3.0°C, or assuming extreme mitigation efforts are in place, below 2.0°C outcome
- SSP2
- RCP6.0 to RCP2.6

Key indicators

- Population stable at 9.2 billion by 2050
- Net Zero emissions after 2100
- One percent net forest loss by 2050
- Sea level rise 0.6 metres by 2100
- Market-led drivers



Scenario 2 Equitable Well-being

This scenario tests demand side enablers of rapid decarbonisation driven by a unified desire to create equitable well-being for all. Societal action increases global technology adoption and policy effectiveness, therefore reducing global warming beyond current forecasts.

- Degree warming potential 2.5°C, or assuming extreme mitigation efforts are in place, an opportunity to achieve a 1.5°C outcome
- SSP2 shifting towards SSP1
- RCP4.5 to RCP2.6

Key indicators

- Population peaks at 8.5 billion in 2050
- Net Zero emissions by 2080
- No net deforestation by 2050
- Sea level rise 0.5 metres by 2100
- Demand-side drivers



Scenario 3 Regional Rivalry

This scenario tests supply side challenges to global decarbonisation which are expected to occur from increased physical climate change impacts. Climate impacts create increased regional rivalry and resource protectionism. This scenario is likely to see a breakdown in international policy collaboration and investment in clean technology, causing higher temperatures than forecast in Scenario 1.

- Degree warming potential 3.5°C, or assuming extreme mitigation efforts are in place, an opportunity to achieve a 2.5°C outcome
- SSP2 shifting towards SSP3
- RCP7.0 to RCP3.4

Key indicators

- Population 10 billion in 2050
- Doubling of emissions by 2100
- 4 percent net forest loss by 2050
- Sea level rise 0.7 metres by 2100
- Supply-side drivers

CASE STUDIES

Optimising peak demand and supporting grid stability through batteries

Increasing the role that solar energy and battery storage technologies play in reducing emissions in our Shopping Centre Retail portfolio has been a key focus over the past five years.

In FY22, Charter Hall continued its partnership with CleanPeak to deliver renewable electricity solutions to a number of our retail properties, improving their sustainability credentials and delivering price certainty in a backdrop of volatile energy prices.

To complement the existing solar installations across the portfolio as part of a Power Purchase Agreement with CleanPeak, battery installations have now been completed at Lansell Square, Leopold Plaza, Campbelltown Mall and Singleton Square. The total capacity is 3.0MW with an operating battery storage capacity of 6.5MWh. Batteries capture excess solar generation and discharge during periods of high demand, reducing the impact and reliance on the grid during these periods and improving overall grid stability.

Each solar and battery system has been designed to meet the needs of each site and are monitored and optimised in real-time to ensure the maximum benefit is being delivered. Between March and June 2022, batteries increased onsite solar usage by 10 percent and reduced peak demand by 34 percent across the four retail properties.

Safe and secure operation is a priority, particularly fire safety and the sourcing of components. CleanPeak looks to source components responsibly with consideration of associated human rights risks.

The batteries also contribute to enhancing overall grid stability. Any excess solar generation is used to charge the batteries, thereby regulating the discharge of electricity in the grid. Ongoing monitoring and optimising of the batteries will further reduce peak demand and provide associated costs savings. Building on the success to date, 7.5 MWh of additional batteries are scheduled to be installed at four additional retail locations in FY23.



Laying the foundation for Australia’s first Social Infrastructure Green Star rating tool

A key part of our sustainability framework is to deliver responsible outcomes across all our property portfolios.

With Australia’s largest Green Star footprint and a strategy in place for our Office, Industrial & Logistics and Shopping Centre Retail portfolios, we are now focused on our strategy with our Social Infrastructure portfolio.

“We’re looking to elevate our sustainability credentials across our entire Social Infrastructure portfolio,” says Travis Butcher, Fund Manager of Charter Hall Social Infrastructure REIT.

In the past, these assets have been leased under an arrangement whereby operations and maintenance are the responsibility of our tenant customers. This has been a barrier to achieving sustainability ratings like Green Star and hinders accessing operational performance data. A new partnership with Green Building Council of Australia (GBCA) will change this.

For the first time, Green Star will provide this sector with a foundational platform to apply an independent rating tool to measure and benchmark performance.

“We expect the new Green Star Performance tool for Social Infrastructure assets will lower operational costs for our tenant customers and create new opportunities for them to attract talent and customers,” says Andrew Cole, Group Head of ESG at Charter Hall.

“People are increasingly seeking workplaces that prioritise communities and mitigate climate change, rather than contributing to the problem. Attracting and retaining quality workers has been a challenge for the childcare industry, but we anticipate this new rating tool will deliver positive results,” adds Travis.

Air quality and environmental sustainability are important qualities considered by parents when assessing childcare options. Green Star certification has the potential to give participating centres an edge against their competitors.

The impact of climate change is an ongoing consideration not just for workers and families, but also for our tenant customers. Building climate resilience into our Social Infrastructure portfolio provides significant benefits to our tenant customers, investors and communities. According to the GBCA, analysis of Green Star certified assets such as community centres, libraries and civic buildings shows an average saving of \$100,000 per year in energy bills, enabling those funds to be reinvested into essential services.

Onsite and offsite renewable energy is a priority for for our portfolio. The Social Infrastructure REIT has committed up to \$8.6 million in solar funding across its assets.

The peak operational hours of childcare providers are during daylight hours, so onsite renewable energy sources such as solar offer opportunities to lower costs and mitigate climate change. “We’re looking forward to working with our tenant customers to navigate the transition from fossil fuel reliant energy, while improving water conservation and reuse,” Andrew says.





Rethink resources



We all share a responsibility to make best use of increasingly constrained resources. Doing so requires re-thinking daily operations to improve efficiencies.

This year we have continued to investigate how we can better manage resources. We evaluated the products and services we use and looked at how we can better reuse water and minimise waste to landfill. We continued to repurpose or recycle materials in our property developments, refurbishments and other areas of our operations. We also continued to embed circular economy principles into our material use and supply chain.

Moving towards a circular economy

In April 2021, PricewaterhouseCoopers (PwC) released a report¹ valuing the Australian circular economy at \$2 trillion over the next 20 years. PwC highlighted that Australia moving towards a circular economy could abate 165 million tonnes of carbon emissions each year. The traditional linear “take make waste” economic model is coming to an end as finite raw materials are depleted.

As a significant consumer of materials in our developments and refurbishments, coupled with our ability to partner with tenant customers to influence waste management and material choices, we are well placed to contribute to circular economy transition.

Diversion in operations

Charter Hall manages waste collection at most Shopping Centre Retail and Office assets within our operational control. The total amount of waste generated at our assets was 11,452 tonnes in FY22, which is a 10 percent reduction from the previous year. The reduction in waste generated can be attributed to lower occupancy in our Office portfolio and lower patronage in our Shopping Centre Retail portfolio during the COVID-19 lockdown in 2021. Waste diversion from landfill remained constant at 29 percent, with key initiatives focused on:

- Commencing NABERS Waste benchmarking in the Office portfolio.
- Installing anaerobic waste digestion systems in five retail shopping centres, to address organic waste streams.



Our material issues

- Responsible and sustainable supply chain



Our goals

- Minimise waste to landfill in operations and development
- Maximise, reuse, repair, recycle and repurpose materials
- Embed circular economy principles into our materials use and supply chain



Future targets

- Implement a responsible, resource strategy that addresses circular economy by 2025
- Achieve 75% diversion from landfill at our Office and Shopping Centre Retail portfolios where we manage waste by 2030

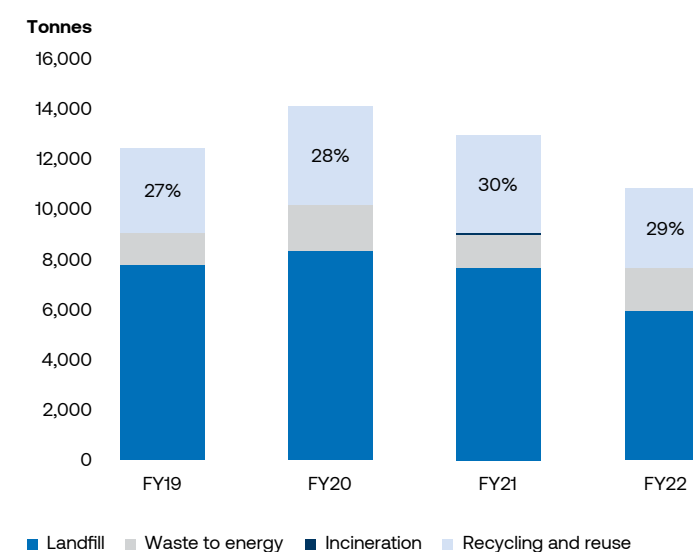
- Partnering with retail shopping centre tenants to divert 63 tonnes of food to local charities and community groups, which would have otherwise gone to waste.

To achieve our target of 75 percent diversion of waste from landfill by FY30, we are focused on improving waste infrastructure and waste management systems to enable recycling, and engaging tenant customers to improve recycling behaviour and reduce contamination.

Diversion in construction

Charter Hall generates waste during the construction and refurbishment of our assets. To improve our management of construction and demolition waste, we have set a target of 90 percent diversion from landfill. Over the next 12 months we are intending to improve the collation and reporting of diversion rates from landfill for our developments, refurbishments and strip out projects.

Waste diverted from landfill²



1. Building a more circular Australia March 2021 <https://www.pwc.com.au/assurance/esg/building-a-more-circular-australia.pdf>
2. Waste is reported in accordance GRI Standards Waste Guidelines 2020. In accordance with these guidelines waste-to-energy is considered a disposal operation not recovery of materials for recycling or reuse.

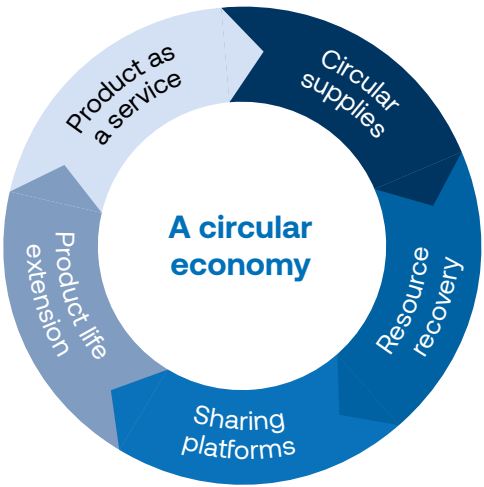
TAKING ACTION

Transitioning to circular economy

Charter Hall use materials in the construction of new developments, maintenance of stable assets and supply of consumables (toilet paper, cleaning products etc). We have an opportunity to influence our tenants’ management of materials through lease clauses and tenant fit-out guidelines, and through the management of waste in assets where we have operational control.

Designing out waste and reducing material use is our starting point. In FY22, we identified the below steps to support our transition towards a circular economy:

- **Circular supplies**
Replacing traditional material inputs with bio-based, renewable or recovered materials to reduce demand for raw material extraction.
- **Resource recovery**
Leveraging technology to recover and reuse resource outputs.
- **Sharing platforms**
Sharing of underutilised products and providing multi-use spaces to reduce the demand for new products.
- **Product life extension**
Data-driven maintenance practices to extend the life cycle of products, and strategic asset planning to extend the life of assets.
- **Product as a service**
Using products through a lease or pay-for-use arrangement versus the conventional approach to ownership.



Our transition to a circular economy is still in its early stages, but in FY22 we partnered with Simply Cups to provide coffee cup recycling facilities in 17 Office assets. We recycled 2.8 tonnes of coffee cups which will be upcycled into outdoor furniture, traffic solutions, recycled road surfaces and lightweight concrete.

We supported social enterprise GreenCollect to separate a wide variety of hard to recycle items, such as e-waste, printer cartridges and assorted stationery, to enable upcycling and reuse. We also engaged WorkVentures to collect our unwanted technology assets, such as monitors, to redirect them to people in need, or sell and use the proceeds to train young Australians for careers in technology. In our retail shopping centres we implemented a container deposit scheme to encourage recycling glass, plastic and aluminium containers.

Transitioning to a circular economy cannot be undertaken in isolation. We will continue to collaborate with our tenant customers, suppliers and industry to progress our circular economy roadmap.

CASE STUDY

Applying circular economy principles to our reimagined workplace

Applying circular economy principles to the design of our workplace at No.1 Martin Place in Sydney helps us reduce carbon by material reuse and target fitout waste reduction.

Our reimagined workplace extends across three connected floors, offering us multiple modes of working and great places to come together to collaborate and innovate.

Level 20 is our Business Hub which acts as a welcome point for our customers, partners and guests. Level 19 is our Social Hub, the very heart of our space for our people. Level 18 is our Innovation Hub, a place for collaboration and creative thinking as well as workshops, learning activities and pitches.

Historically, expanding the space we occupy could have meant adverse sustainability consequences, but by focusing on what we could re-use instead of send to landfill, we avoided 147.5 tonnes of CO2e overall. That’s the equivalent of a 53 percent reduction in embodied carbon, compared to a typical fit-out. To achieve this, we re-used 70 percent of our original furniture, with the remaining 30

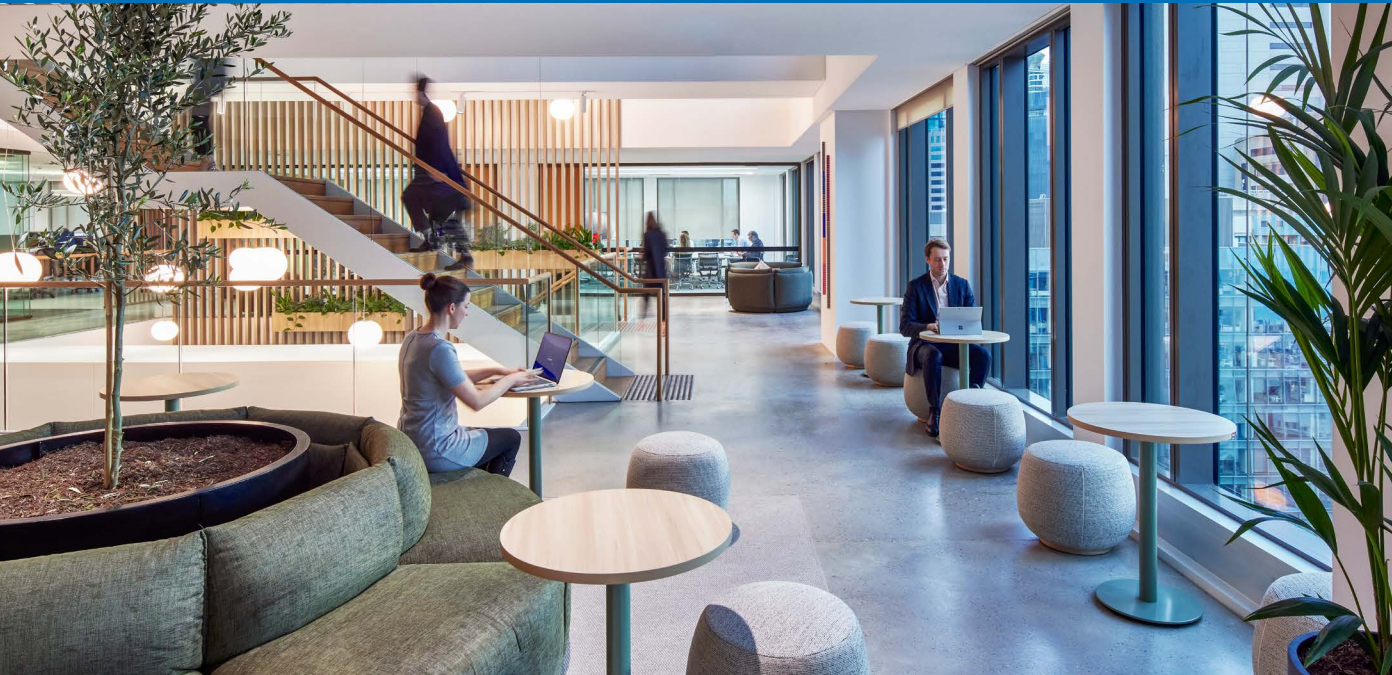
percent donated to social enterprises. We also reused 70 percent of our carpet and internal partitions, and nearly 50 percent of the joinery. Timber from one floor was reused as flooring on the connecting stairwell, and marble was reused in the Boardroom furnishings.

Our workplace also embeds sustainable practices through energy efficient lighting and low water use fittings. At a national level, we have also procured 100 percent grid-supplied renewable electricity for our corporate workplaces.



We wanted our new workplace to reduce its impact on the environment and positively contribute to our people’s well-being. Aligning with the WELL Building Standard we addressed access to water, nutrition, a microgarden, as well as extensive indoor planting and strategies to avoid sedentary behaviour.

Natalie Devlin, Chief Experience Officer, Charter Hall



Progress against our waste targets

FY22 targets

Deliver a waste strategy aligned to circular economy principles, with the long-term aim of minimising waste to landfill.

FY22 achievements

32% diversion from landfill in our Office portfolio, where we manage waste.
28% diversion from landfill in our Shopping Centre Retail portfolio.
Waste strategy development in progress with a focus on identifying opportunities to partner with our tenant customers to achieve circularity through the value chain.

Accelerated Progressed and on track Progressed but behind schedule

TAKING ACTION

03

Restore nature



As one of Australia's largest property fund managers with an extensive national footprint, we recognise our role in protecting and restoring natural environments. We are experiencing the impacts of a changing climate on fragile ecosystems on a global and local level.

By adopting sustainable development practices as a core tenet of our approach, we can minimise biodiversity and natural systems impacts and support opportunities with key stakeholders including our supply chain and customers.

We are looking to restore nature by conserving freshwater resources and reducing our portfolio's reliance on potable water and minimising our portfolio's adverse impacts on biodiversity.

Biodiversity

Biodiversity – including terrestrial, marine and other aquatic ecosystems – is essential to human survival, well-being and economic prosperity. The Australian Government's 2021 State of the *Environment Report*¹ indicates more than 1,900 Australian species and ecological communities are known to be threatened or at risk of extinction, with this number set to rise over the next two decades.

During FY22, the global focus on nature loss and biodiversity retention has accelerated with the release of the Taskforce on Nature-related Financial Disclosure beta framework and science-based targets for nature. Both initiatives provide a framework for organisations to measure positive or negative impacts on nature, with a view to better informing risks and opportunities for strategic planning, risk management and asset allocation decisions.



Our material issues

- Biodiversity
- Responsible and sustainable supply chain



Our goals

- Conserve freshwater resources and reduce reliance on potable water
- Minimise adverse impacts to biodiversity through our assets and supply chain
- Restore and regenerate the natural environment to maintain and enhance the integrity of nature

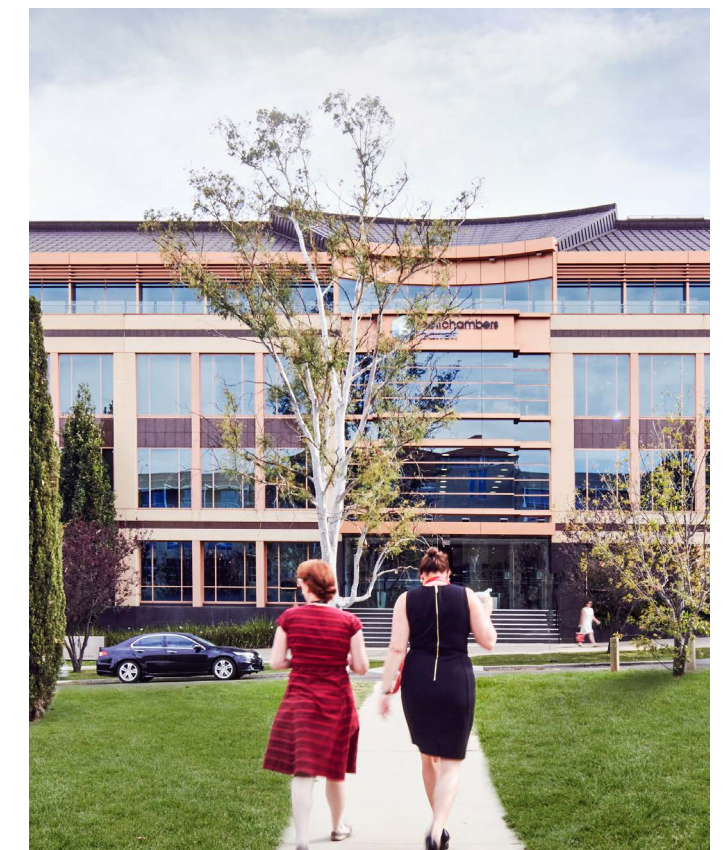


Future targets

- Achieve 4.5 stars NABERS Water for Office Portfolio rating for our office assets by FY25
- All major Office developments and redevelopments to target 4.5 stars NABERS Water for Office Portfolio rating from FY25
- Develop a water strategy that addresses future climate and biodiversity impacts by FY25
- Track emerging disclosure frameworks and requirements relating to natural capital, including the Taskforce on Nature-related Financial Disclosures (TNFD) to inform progress relating to investment and active management of real estate portfolios

Charter Hall manages assets on over 44 million square metres of land in urban, urban fringe, regional and agricultural settings. In FY23, we will conduct a materiality assessment to identify biomes and ecosystems (water catchments, ecological habitats, waterways, soils and groundwater) within and near our assets to identify material risks and opportunities associated with our direct assets and operations.

Future assessments will look at upstream and downstream activities including potential biodiversity impacts through material selection for developments, consumables (toilet paper, paper, food and beverage) in our workplace and operations, water supply and wastewater disposal, disposal of waste from operations and developments, as well as investment decisions.



¹. <https://soe.dcceew.gov.au>

TAKING ACTION

Water conservation

A clean, safe and reliable water supply is key to our assets and portfolios, as well as tenant operations. Our potable water is sourced from inland rivers and waterways and a growing number of coastal desalination plants. The Bureau of Meteorology's 2020 *State of the Climate* report¹ projects that Australia will likely experience an increase in heat extremes, longer droughts and a continued decrease in cool season rainfall, resulting in less water availability in coming decades. More reliance will need to be placed on climate resilient water sources such as desalination, recycling and stormwater capture, as well as more water efficiency.

Non-potable water

Within our portfolio we have rainwater tanks with a total capacity of 1,636 kilolitres installed across 19 Office assets. This water is used for toilet flushing, irrigation and cooling tower. In addition, one asset has the ability to reclaim water from the cooling tower and reuse it in toilet flushing.

Sixty-five of our Industrial & Logistics assets have rainwater tanks that are used for irrigation, and an additional four assets have rainwater tanks that are used for toilet flushing. Moving forward, new Industrial & Logistics developments aim to have a minimum 100 kilolitres rainwater tank that will service irrigation and toilet flushing.

Throughout FY23, we will continue implementing additional submetering to capture and report on our non-potable water use from onsite rainwater tanks.

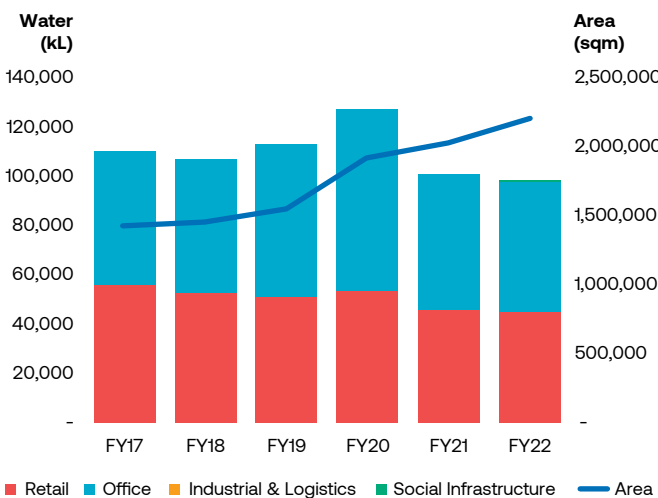
Potable water

During FY22, assets in our operational control consumed 983,158 kilolitres of water, which is a 1.5 percent reduction from FY21. We achieved a 42 percent reduction in water intensity (kL/sqm/annum) from FY17 baseline, however this is largely attributed to lower occupancy rather than significant improvements in water efficiency.

We use the NABERS Water ratings to track improvement in our water efficiency. In FY22, our NABERS Water for Office Portfolio rating was 4.8 stars which is an improvement of 0.2 star from last year. In FY22, we will implement water submeters throughout the portfolio to enable real-time management of water consumption. We also achieved 4.1 stars NABERS Water for Retail Portfolio rating, an improvement of 0.1 star on FY21.

In the Industrial & Logistics portfolio, we have continued to implement water submeters for potable water, and have commenced monitoring consumption to enable the early detection of leaks.

Potable water consumption



Progress against our water targets

FY22 targets

Establish new NABERS targets at portfolio and asset level by FY22.

FY22 achievements

4.8 stars NABERS Water for Office portfolio, covering 92% of eligible office assets.
4.1 stars NABERS Water for Retail portfolio, covering 60% of eligible shopping centre assets.
Implemented water submeters in partnership with our key Industrial & Logistics tenant customers to optimise water usage.



Accelerated



Progressed and on track



Progressed but behind schedule

1. <http://www.bom.gov.au/state-of-the-climate>



TAKING ACTION



High-performing talent



We're proud to have created an environment where people genuinely want to work, however there's always room for improvement.

Key to our business strategy is creating a culture and working environment that enables our people to feel fulfilled in their roles. Our approach is underpinned by values-driven leadership, self-awareness, accountability, flexibility and choice. We have a straight-talking approach and learning experiences that accelerate the growth and potential of our people.

Our industry, like many globally, are experiencing the effects of a war for talent. With national unemployment currently sitting at 3.5 percent and international inbound talent flow still at extremely low levels, the available talent pool for recruitment is incredibly tight. As a result, we are seeing higher levels of turnover. In response, a focus on internal mobility and talent rotations to offer growth opportunities across our diverse portfolio has emerged as a key differentiator in how we attract and retain talent.

Continued strong employee engagement and relatively low voluntary turnover year-on-year resulted in Charter Hall being recognised by Macquarie Group as a Portfolio 1 (Outperformance) organisation¹.

Engaging employees

Our annual employee survey² is used to measure our culture and engagement and provides us with deeper insight into the structures, systems and capabilities that influence the way we work. These insights are reported and monitored annually by the Board, as well as cascaded into the business via our Executive Committee and their leadership teams. Key areas for improvement and opportunities to leverage are built into annual manager and employee performance measures (leadership, culture and collaboration). Divisional action plans track progress against key culture and engagement measures.

In our recent employee survey (June 2022), our people told us that they enjoyed being part of an entrepreneurial and innovative organisation that exposes them to a broad range of learning experiences, supported by collaborative teams and leaders who encourage feedback.

Our material issues

- Employee engagement and satisfaction

Our goals

- Co-create a culture with our people that drives innovation and an entrepreneurial spirit
- Build capabilities for the future by leveraging our operating model to unlock potential for our business and customers
- Create places that bring people together to think in different ways
- Attract and develop talent that represents our diverse customer base and communities (gender, age, LGBTI+, First Nations, disability and ethnicity)

Future targets

- Continue to achieve global high-performing employee engagement
- Continue to deeply embed inclusion through the Reconciliation Action Plan, Employer of Choice for Gender Equality and Australian Workplace Equality Index (AWEI) in 2023
- Female participation on the CHC Board of >40%, and in senior management of >40% by 2025

Of the 96 percent of people who responded to the survey, 93 percent said that they would recommend Charter Hall as a great place to work.

Other highlights of the past year include:

- We achieved above the global high-performing norm, with an engagement of 88 percent overall.
- 94 percent of our people say that they are inspired to work beyond what is required to help Charter Hall succeed.
- We won the Best Health and Wellbeing Program at the Australian HR Awards in recognition of initiatives that equip our people with lifelong well-being skills to perform at their best.

Unlocking potential

One of the best investments we can make as a business is to connect our people with the experiences and smarts of others, as and when they need it. Our performance and development philosophy focuses on future proofing our business and teams, prioritising our customers, and making best use of our powerful operating model to offer experience-based learning, backed by generous access to leaders.

Charter Hall is committed to lifelong learning to support our people's growth and development, underpinned by a blended, technology-based learning approach. Contributing to their success is inextricably linked with our overall success. The win-win comes from enabling our people to realise their potential and give their very best.

Unlocking each person's potential begins with them truly understanding their own needs and ambition, and working with managers to identify development opportunities. These opportunities then come to life through face-to-face and online learning, as well as on-the-job learning, connecting with others as coaches, mentors or role models, supporting tertiary and further education, or simply being given the opportunity to work in a different part of the business.

This past year, our learning and development efforts focused on scaling leadership with ongoing manager development and building capabilities in emerging areas that impact our customers such as data and automation, workplace strategy and ESG.

Our online learning platform continued to offer personalised learning for all our people anywhere, anytime. We also reimaged our physical workplace to better meet the evolving needs of our people and ways of working.

1. The Australian ESQ Equity Strategy, July 2022.
2. Run by Willis Towers Watson.

TAKING ACTION

Celebrating difference

Our business oriented approach to diversity and inclusion is about actively partnering with each other and our customers to create innovative, customer oriented solutions and unlock hidden value. This approach enables us to deeply understand our customer base and ensure we bring thoughtful and balanced perspectives to our decisions.

In the same way that we curate our portfolio, we curate our talent by deliberately seeking people of diverse gender identity, sexual orientation, religion, disability, age, ethnicity and first peoples, as well as diverse skillsets and experiences.

To bring out the best in this talent, we also create the right environment – one where people genuinely celebrate and encourage difference and leverage it as a performance differentiator.

Our Diversity and Inclusion Policy outlines the key focus areas to help everyone we engage with realise their aspirations and get the most out of their relationship with us.

One of the ways we demonstrate our commitment to inclusion is a focus on gender diversity. Increasing our female talent pipeline and creating a gender inclusive environment for all employees has been an ongoing focus.

We are on track to achieve our 2025 gender targets with initiatives such as:

- Highly visible female role models in senior leadership positions.
- Structured and active development planning for key female talent.
- Partnerships with Chief Executive Women and the Property Council’s Cadetship Program to attract greater interest by females in Charter Hall as an employer of choice.
- Enhancing the transition experience to/from parental leave and encouraging more males to spend quality time with their young families.
- Continued supporting Women in Industrial (WiN), an industry initiative that aims to promote the sector as a career path for women and promote the achievements of women.

In addition to being a Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality, our Managing Director & Group CEO formally champions diversity and inclusion and is actively involved in the Champions of Change Coalition. He is also a WGEA Pay Equity Ambassador.

Reimagining the way we work






Charter Hall’s approach to reimagining our workplace at No.1 Martin Place, Sydney NSW has been a response to our growing business needs and evolution of practices over the pandemic. We have aligned our workplace strategy with our way of working, one which thrives on a team and workplace led approach. Our workplace supports our continued attraction and retention of people, by providing choice, enabled by technology and prioritising environmental sustainability and well-being. We partnered with leading architectural firm Bates Smart and best-in-class construction and refurbishment business, FDC to deliver this reimagined workplace for our people.




Across three connected floors, we have many modes of working and places to come together to collaborate, innovate and learn. Our people locate with their teams and every six months reposition to another area to fully experience the benefits of this workplace, while enabling cross functional teams to gather purposefully.

Each floor was designed to encourage interaction with coworkers and customers, partners and guests. On Level 18 there is ‘The Loop’, a space for collaboration, presentations and sitting as a team. An ‘Innovation Room’ incorporates advanced technology and multi-functional flexibility. ‘The Retreat’ provides a private and comfortable space for unwell employees, parents and prayer. Spaces are also provided for creative thinking, learning activities, high focus work, customer interactions and workshops.

To further enhance the workspace experience there is a mobile-enabled Bluetooth desk booking and locker management system. In addition, space utilisation tools measure floor and meeting room occupancy and efficiency, providing valuable insights on user behaviour to help us continually adapt to our people’s changing needs.

Progress against our employee target

FY22 targets		FY22 achievements
Continue to achieve employee engagement above global high-performing norm.		Achieved 88% employee engagement, above global high-performing norm. 93% of our people say that we are a great place to work.
Achieve WELL Portfolio Accreditation for all Charter Hall workplaces by FY25.		Maintained engagement with IWBI and delivered reimagined No.1 Martin Place. Certification will be a focus in FY23. Secured 100% green power for all our workplaces.
Female participation on the CHC Board of >40%, and in senior management of >40% by FY25.		Female participation on CHC Board (executive and non-executive directors) 33%; in senior management positions 31%; and in the workforce 55%.
Achieve 100% employee participation in risk and compliance training.		Our employees have maintained 100% compliance.
Improve AWEI recognition for LGBTI+ inclusion by achieving Bronze status by FY22.		Improved our score in the AWEI by 71% when compared with FY21, granting us the recognition as a Bronze Employer for LGBTI+ inclusion.

 Accelerated  Progressed and on track  Progressed but behind schedule



CASE STUDIES

Many careers, one place

Experience-based learning and platform-based exposure enables our people to grow with us.



Mackenzie Moores-Sipos joined Charter Hall in 2017 as an intern working three days a week with the People team, while also studying law and commerce. After graduating from university Mackenzie joined the People team full-time, but still had ambitions to pursue a role in law. She recalled, “I needed to

do 75 days’ supervised legal work experience in order to become a lawyer. So one day I took a chance and approached Charter Hall’s General Counsel to explain my situation and ask to join their team two days a week’.

Mackenzie was delighted with the supportive response from both the General Counsel and her manager in the People team. To support her ambitions, Charter Hall created a split role where she would work two days a week for the Legal team and three days a week in the People team. Mackenzie continued in this hybrid role for seven months, finding that alternating between creative and analytical skills made her a more well-rounded employee. Mackenzie’s curiosity aligns to Charter Hall’s culture on lifelong learning, and the autonomy she has in her role meant she developed skills faster than expected. When she was admitted as a lawyer in May 2018, she asked to join the Legal team full-time.

“Legal counsel roles are seldom given to people in their first year out of university and typically require four years’ post-qualification experience. It was a big ask on my part, and a big commitment on theirs to support me. When the business agreed to create a role for me, I saw it as a real vote of confidence in me,” said Mackenzie.



Chris Mather is our Property & Workplace Manager. He started with us on our scholarship program. Working in our Sydney office while studying, Chris rotated through roles with the Office, Shopping Centre Retail, Industrial & Logistics, and Capital Transactions teams. After gaining experience in property

management, he transitioned to a full-time hybrid role, spending four days a week as a property manager in Office and one day working in the People team.

This year, Chris managed the renovations of our head office in Sydney. “This opportunity gave me broader experience with stakeholder engagement and working closely with our Senior Management team,” he says. “It allowed me to work in the technology space, taking a multi-layered approach to finding ways in which our people can best utilise the workplace and what technology is available to enhance this usage.”

Chris also looks after the 1 Shelley Street office tower, where we are partnering with Urban Green to create the Sydney CBD’s largest vertical urban farm. “It’s a great example on how innovative thinking can see us use what would have been vacant, unused storage space in a new and unique way.”

“I’ve been here seven years now and the sheer diversity of experiences, and the support I’ve received have allowed me to develop my skills and capabilities. They are major factors for why I want to continue my career here. I’ve never stopped learning.”

Leaders with ambitious agendas

Thinking big and bold – generous leaders share their energy and collective smarts to enable the growth of others.



One of the key principles that underpins learning at Charter Hall is the generosity of others, including senior leaders, to share their experience and expertise for developing leaders of the future. Our Career Coaching Program brings this to life by matching senior leaders with talented individuals

outside of their direct line of management.

Having access to internal career coaching is a unique opportunity for individuals to receive advice and support from our leaders across the business. They get to access a more senior perspective on personal objectives and challenges, gain a deeper appreciation for the inter-relationships across different asset classes and functions, and challenge their own perspectives from open and direct conversations with someone who thinks and works in different ways.

One of our Program participants, **Gemma Seabourne**, National General Manager – Property Management, saw this as an opportunity to get clarity on career goals and develop professional networks.



The opportunity to learn from a skilled and experienced leader in the business, like Adrian, is a significant benefit. Networking is another clear driver for me. Being relatively new to the organisation the opportunity to meet and work with colleagues from other parts of the business was a real drawcard.

Gemma Seabourne, National General Manager – Property Management



Coaches too benefit from the experience, gaining new perspectives and insights that they can then apply to managing and supporting their own direct reports. Interactive workshops, alongside one-to-one coaching sessions, are an effective catalyst to reflect on their own leadership and more proactively develop people into leadership roles.

Gemma’s coach, **Adrian Harrington**, Head of Wholesale Investor Relations & Fund Raising, believes coaching is a vital contributor to gaining robust senior leadership skills. “I have been fortunate to have access to a range of senior leaders throughout my career, who have been gracious with their time in providing advice. Over my 30 years in the industry, I have seen great people with the best technical skills reach plateaus in their careers because they haven’t had mentors to guide them, and they lacked the leadership skills to go into more senior management roles.”

In terms of the benefits from the Program, Gemma explained, “Working with Adrian has already been exceedingly helpful providing insights and guidance. To date, my key takeaway has been preparing my leadership goals and really coming to understand the skills that I’m going to need to grow and develop to become a better leader.”

For Adrian, there is real satisfaction in giving back and seeing people reach their full potential. “I hope Gemma gains the confidence to continue to grow as a person and leader. I’ve really enjoyed working with her as she moves into a new role within the Office team. Her passion for her work and tenant customers is wonderful, and she is clearly eager to continue to grow as a leader.”

05

Deep customer partnerships



Our business fosters rich relationships with our investor and tenant customer to deliver mutual success.

Tenant customers

Our customers span the Office, Shopping Centre Retail, Industrial & Logistics and Social Infrastructure sectors. Many of these relationships are multi-site, multi-year partnerships, based in deep trust, where our expertise in property directly contributes to our customers' strategic advantage.

While the spaces range from corporate workplaces to distribution spaces, shopping tenancies and places for early learning, the biggest success driver is our commitment to collaborating with each business to really understand their challenges and opportunities. Working together this way informs how we create inclusive spaces for their culture, enable them to deliver engaging experiences, and undertake sustainability initiatives that align with our shared environmental aspirations.

Genuine customer engagement

Our customer partnerships are predicated on mutual success. We actively engage our tenant customers (via deep dive sessions and portfolio reviews) to understand their business strategy and how we can work with them to provide long-term solutions by leveraging our cross-sector operating model.

In FY22, we worked hard to ensure that our process of engagement was scalable and repeatable by building a fully integrated tenant customer ecosystem with strong, multi-tiered relationships established across accounts and a common Charter Hall approach, tools and vocabulary. We invested heavily in the capability of our people across all levels of the business and have recruited new customer roles to drive and embed our focus within the sectors and across the business. Our ongoing focus on data, insights and process efficiency is critical to enabling our teams in this space. This approach to customer was supported with strong executive involvement from the Sector CEOs, CXO and customer leads via the Tenant Customer Subcommittee, which meets monthly to shape key customer initiatives and provide oversight over our tenant customer strategy.



Our material issues

- Customer engagement and satisfaction



Our goals

- Engage with our customers through regular formal and informal feedback sessions to build an understanding of their needs
- Leverage our cross-sector platform and the skills and experience of our people to grow our customer base and meet their business requirements
- Develop informed, strategic solutions to satisfy customer needs now and in the future
- Deliver end-to-end workplace solutions and experiences across all property types
- Co-design our customer experience proposition with our customers



Future targets

- Maintain high level of customer satisfaction through active engagement
- Create a benchmark to measure the cross-sector customer experience with Charter Hall, considering all aspects of how we partner with our customers
- Establish NPS and satisfaction targets for all sectors by 2025

The success of our approach shows in our tenant retention rate of 82 percent in the period. Furthermore, 71 percent (by income) of our tenant customers lease more than one tenancy from us. This is further reinforced by our high customer satisfaction across all property sectors. Our NPS and satisfaction results were maintained at five-year highs in Shopping Centre Retail and three-year highs in Industrial & Logistics. Office and Social Infrastructure completed their inaugural NPS survey¹ in FY22 and received exceedingly positive customer engagement and satisfaction outcomes.

Strategic growth

Our strategic growth has been fuelled by strong relationships with key customers that span a blend of highly resilient industries, with coverage across essential industries such as Federal, State and Local Government, as well as retail, distribution, financial services, education and energy.

As we look to the future, we expect continued growth from our cross-sector opportunities in targeted industries and customers, where there is a strong evidence of growth potential, continued industry resilience, strong company covenants and alignment of our customers' needs to our platform of opportunities.

The result of deepening relationships with our customers is evidenced in both our tenant satisfaction, as well as the growth of our customer base. Over half of our top 20 customers increased their tenancy footprint with us across our portfolio in FY22.

Our approach is focused on enabling our people to drive more value, grow relationships and create new opportunities with customers. We are having conversations beyond just real estate, with discussions about how we can partner to acknowledge traditional landowners, ensure technology-enabled workspaces that evolve over time and drive environmental change.

1. Comparisons not available for Office and Social Infrastructure as NPS measured for the first time during FY22.

TAKING ACTION

Value creation

This year our Shopping Centre Retail team developed an innovative platform called Autom8, which allows tenants in all our shopping centres to track their sales throughout COVID-19. Importantly, this process is extremely quick and efficient, giving tenant customers back valuable time to focus on their business.

In Office, we focused on placemaking and creating exceptional workplace experiences that engage with our tenant customers and communities. We delivered over 130 bespoke activations focused on sustainability, health and well-being, connected communities and convenience. We rolled out BindIMaps across the portfolio, a digital wayfinding platform that provides people of all abilities a seamless property navigation experience.

Over the last two years, we've continued to provide COVID-19 support. We partnered with our tenant customers to provide rent relief, increase digital engagement, offer support with returning to their workplace and provide hygiene initiatives in our assets and development sites including touchless access and amenity, ultraviolet and air filtration and temperature scanning enablement. This was recognised in the feedback we received via our tenant customer surveys.

Our award-winning customer experience program 'Charli' continued to connect our customers, growing to over 18,000 users and over 850,000sqm of workspace across 29 buildings nationally. The app enables our customers to host events in their space, enhance their experiences and deliver positive environmental outcomes.

We have continued to work with our customers on sustainability initiatives, including with our Industrial & Logistics tenant customers to deliver renewable energy that drives financial and sustainable returns. In FY22, an additional 3.8MW of rooftop solar was energised for our tenant customers which is equivalent to powering 900 homes annually.

We actively support our customers in their own social causes. An example of this is with major cross-sector tenant Woolworths, where we support financially and through volunteering of time at their annual Woolies Wheels and Walk Tour de Cure. With our Industrial & Logistics sector we're partnering with our customers to focus on well-being of their people through initiatives with Healthy Heads in Trucks & Sheds and R U OK? For further information on Charter Hall's social programs and how we partner with tenant customers, refer to [Strong communities](#), [Healthy places](#) and [Shared success](#) sections.

CASE STUDY

Redefining monthly sales reporting

With the pandemic driving urgency for contactless experiences, automating the business-critical monthly sales function freed up our customers to tackle the many other challenges of COVID-19.

Autom8 is an industry-first, digital and contactless solution that automates collecting monthly sales from our retail tenant customers. This game-changing platform has introduced powerful new efficiencies into our sales monitoring, directly enabling our tenants to focus on operating through the challenges of COVID-19 and our teams to focus on supporting them meaningfully.

Collecting monthly sales data from our tenant customers is a core function of our role as a Shopping Centre Retail landlord. Historically it has been a time-consuming process, running for 10 days of each month and requiring our 1,500+ specialty tenant customers to spend valuable time via phone, in-person, mail or email communicating their sales figures.

Reporting through Autom8 now means this process is extremely quick and efficient, giving everyone back valuable time.

Our customers can now report in two simple steps. They receive a text or email (depending on which they prefer) on the first of each month, prompting them to report their sales via a secure web link.

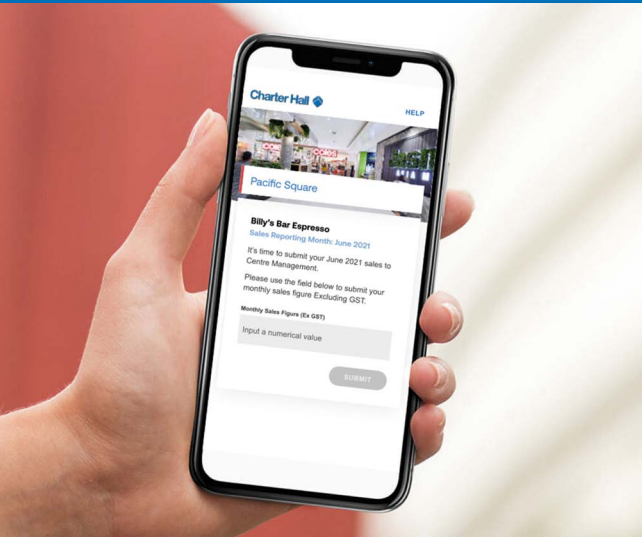
Unlike previously, they only need to enter their sales figures because all other details are already personalised and captured in advance. The platform is secure and simple to use, and sends an automated reminder every two days until sales are reported.

Introducing the new platform was another example of how we work so effectively in partnership with our customers. Throughout development, our teams elicited feedback from our customers, including undertaking extensive customer research to understand pain points, process issues and desires. Groups also came together for idea generation sessions to help define needs, non-negotiables and outcomes.

Our objective was to receive a 70 percent adoption rate in the first month. However, a successful trial conducted at Pacific Square, NSW resulted in an 89 percent adoption rate in the first month and was the trigger to our rollout across all 56 centres.

Today, Autom8 is active across all 56 centres, with 96 percent of our tenant customers submitting their sales via the portal each month. Our customer satisfaction scores prove our approach is working, with our FY22 customer satisfaction results the highest we have achieved to date.

Broader recognition of just how big a change we have achieved came with the award of the Frank Lowy Fellowship (an industry innovation award) where it was acknowledged by industry peers that Charter Hall is the only Australian retail landlord to have successfully automated monthly sales collation.






My favourite thing about the Autom8 system has to be how easy it is. Notifications come in at the beginning of the month, and we put in our sales figures, press send and it's sent off. There's no time out of our busy schedules, so we can focus on our business.




Billy Toskas, Billy's Bar Espresso

Progress against our customer targets

FY22 targets

FY22 achievements

Enhance customer experience in our places measured through customer satisfaction surveys.		Recorded high customer satisfaction across all sectors. NPS and satisfaction results were maintained at 5-year highs in Shopping Centre Retail and 3-year highs in Industrial & Logistics. Office and Social Infrastructure's inaugural NPS survey ¹ was completed, with exceedingly positive customer engagement and satisfaction outcome.
Establish NPS targets for all sectors.		Our focus for Shopping Centre Retail and Industrial & Logistics will be to maintain high scores and continue increasing participation. Benchmarking is in place for the new Social Infrastructure and Office survey which will allow us to establish targets.
Partner with our Office customers to achieve a smooth transition back to the workplace.		Partnered with our customers on their safe return to workplaces post COVID-19 restrictions, including creation of a return to workplace guide. Encouraged community connection through a bespoke calendar of 130 events and activations, focusing on sustainability, health and well-being, connected communities and convenience.

 Accelerated  Progressed and on track  Progressed but behind schedule

1. Comparisons not available for Office and Diversified as NPS measured for the first time during FY22.

TAKING ACTION

Investor customers

Our funds provide our investors with access to commercial property in their investment mix. The diversity of our property portfolio and unique business model means we can offer a wide range of investment opportunities. More than 45,000 investors across our platform now invest with us, from wholesale and institutional clients, to mum and dad investors.

We take our role of financial fiduciary very seriously and equally understand that our approach to creating environmental and social value creates long-term value for our business and investors.

We are open and collaborative, taking the time to understand their needs and aspirations, and managing our portfolios appropriately and responsibly.

During FY22, we held more than 100 direct ESG meetings with investor customers and their responsible investment teams.

Partnering to create sustainable developments

We have a strong track record for creating sustainable developments in partnership with our investors and capital partners. Examples of this from FY22 include:

- The Charter Hall Prime Office Fund (CPOF) partnered with Singapore’s sovereign wealth fund, GIC, for a 50 percent interest in the office development at 555 Collins Street, Melbourne VIC (partnership finalised FY23). This asset is targeting 6 star Green Star Design & As Built v1.2, 5 stars NABERS Energy for Office Portfolio rating and WELL Platinum v2.
- Charter Hall partnered with the Victorian Funds Management Corporation (VFMC) on Australia Post’s new National Support Centre at 480 Swan Street, Richmond VIC, which is due for completion in 2024. The 32,000sqm office development will be a fully electric and carbon neutral office building, targeting 6 star Green Star Design & As Built v1.2, 5 stars NABERS Energy for Office Portfolio rating and WELL Platinum v2.
- CPOF, Charter Hall Direct PFA Fund and VFMC also partnered on a development in SA. 60 King William, Adelaide SA is targeting a 6 star Green Star rating, 5 stars NABERS Energy for Office Portfolio rating and WELL Platinum certification. It is intended that building will be powered by 100% renewable energy and enabled for Net Zero emissions in operations, integrating an all-electric mechanical central plant and climate-friendly refrigerant.

See more information on Charter Hall’s approach to responsible investment in [Sustained returns](#).



Artist impression
555 Collins Street, Melbourne VIC



Strong communities



We are focused on supporting strong and resilient communities. By working collaboratively and fostering lasting partnerships, we create spaces and experiences that foster a deep sense of belonging.

We know that the key to doing this well is providing opportunities for people to connect in meaningful ways. By investing in the value of people and place, we look to encourage inclusivity, build resilience and, through this, prevent social isolation.

First Nations engagement

Advancing Reconciliation

Charter Hall was proud to launch our *Stage One: Reflect Reconciliation Action Plan* (RAP) in FY22, formalising our commitment to taking meaningful and lasting steps towards Reconciliation. As an owner and manager of properties, we are intrinsically linked to Country and believe we have an integral role to play in building

awareness of First Nations peoples' vast cultures and histories. It's important that our people and business pay respect to the Traditional Owners of the land by honouring the past as well as looking to the future.

Our RAP will ensure we create opportunities to bolster the inclusion of First Nations stories throughout our business, properties and relationships. We want to take the time to listen and learn from different perspectives and to better collaborate with First Nations peoples. To this end, we have three key objectives:

1. Build relationships with First Nations organisations across our business, supply chain and recruitment.
2. Recognise and include First Nations peoples, culture and future in our shared spaces and communities.
3. Advocate for improvement and drive much needed change within our business and across the industry through awareness and engagement.

For our RAP we commissioned 'Coming Together', an artwork reflective of strength, resilience and nurturing partnerships. Charter Hall and our values of Active Partnership, Genuine Insight, Inventive Spirit and Powered by Drive are depicted as concentric circles in the sky.



Our material issues

- Community and social inclusion



Our goals

- Work collaboratively with communities to address issues that effect the health of the communities
- Facilitate strong, lasting relationships with First Nations peoples
- Support communities with immediate relief and longer term recovery from natural disasters and crises
- Design spaces and experiences that develop a sense of belonging and enable communities to connect in a meaningful way



Future targets

- Establish a social procurement spend target in FY23 in support of local communities
- Measure and report spend with First Nations businesses by 2023
- All large new Office and Shopping Centre Retail developments to meet the Places credit criteria for Green Star Buildings by 2025
- Continue to develop our community partnership framework and social impact tool by 2025



Frances Belle Parker (Yaegl), *Coming Together*, 2021

Growth, strength and resilience is represented by the undulating green landscape with the earthy tones symbolising a sense of being grounded. The mark across the image represents the journey of building and nurturing genuine partnerships and the care taken to help them nourish and grow. It is the journey which helps build strength within the partnerships.

The flow and movement within the image represent an ongoing energy and feeling of momentum, this is reflective in the way Charter Hall works together to create positive growth. The earthy colours depict a deep connection and a sense of being grounded to the land. This is shown through the layering and creates a strong sense of respect for the land on which we care for, look after and work on. The many layers of the work, whether they appear to be the rolling hills, or the underlying layers of the landscape all come together to signify the underlying gentle spirituality of the lands on which we walk and share this journey together.

NAIDOC Week

Charter Hall celebrated NAIDOC Week in FY22 in various ways across our properties and our workplaces. We invited Office tenant customers to view, learn about and participate in First Nations stories and art. We invited artists to complete live artworks that represent their local land and communities. We hosted performances and storytelling sessions where visitors were mesmerised by melodies and shared traditions of Elders.



Our Shopping Centre Retail portfolio continued its community book initiative for the second year. In partnership with published author Maree Yoelu (McCarthy), and the writer of the children's book Brother Moon, we created a 12-page children's storybook 'Dancing for Country' to celebrate NAIDOC week 2021. Maree is a Wadjigany woman from the western Wagait region in the NT, who now lives in Darwin where she works in radio.

Across 14 shopping centres, we reached out to over 60 primary schools to engage over 3,500 students to illustrate pages of the story to be included in the book. Shoppers voted on their favourite pictures with 10,733 votes cast before we launched the book for NAIDOC Week.

Acknowledgements at our assets

During the year, we rolled out Traditional Owner acknowledgements across our assets. In our Office portfolio we have partnered with local First Nations artists who have created bespoke artworks to tell the story of the region. These unique artworks will be applied on pillars at the entry of our buildings. The artists also engaged with our tenant customers and building communities to share the meaning behind the installations.

Inclusive partnerships

Property Industry Fund

In FY22, Charter Hall continued its platinum sponsorship of the Property Industry Foundation (PIF), which provides national support to homeless and underprivileged youth. The money raised through PIF goes towards building housing for disadvantaged young people and supporting over twenty children's charities, many of which we also support through our developments. We are actively involved on the PIF NSW Board and participate in their industry events and volunteering opportunities.

Sensory-friendly customer experience

In an effort to create an inclusive shopping environment, Brickworks Marketplace, SA introduced monthly 'Quiet Hour'. The shopping centres' three major retailers, Woolworth, Big W and Tony & Marks, as well as the specialty stores and common mall spaces throughout the centre, have committed to making their spaces a less stressful experience for people who experience sensory overload. It is one of the first shopping centres in Australia to roll this initiative out centre-wide on a reoccurring basis.

Women's cricket partnership

In FY22, we were proud to start a new partnership with Cricket NSW, in support of women's cricket. Together, we are fostering female talent, promoting diversity in sport and making our communities more inclusive for all.

Our NSW Women's Cricket team is the most successful domestic team in the country, across both the men and womens games. Importantly, they're also inspiring the next generation, with many young girls now finding a love for the sport.

In addition to our financial support of the team, we developed a bespoke mentoring program which pairs NSW Women's Cricket players with one of our executives or senior managers. The program aims to support players in recognising how transferable their skills are to the business world, so they are equipped with everything they need to succeed once their cricket careers are over. It's a very special opportunity and a chance for us draw upon our talent Group-wide.

Charter Hall Shute Shield

As the principal sponsor of the Charter Hall Shute Shield, we understand the importance of grassroots rugby in fostering talent and strengthening communities through bringing people together.

The competition has experienced a tremendous resurgence since we first partnered with NSW Rugby Union three years ago.

Local rugby wouldn't be a success without the generosity and community spirit of its tireless volunteers. In recognition of this, the Charter Hall Community Spirit Award was created in FY22 to celebrate and reward the volunteers who have made a significant contribution to their Shute Shield club and share their incredible stories.

The award celebrated two people from each of the twelve clubs, with one overall winner. Peter Watkins, General Manager of Sydney Rugby Union, says the award brings unsung heroes to the forefront of community recognition within the game.

"Each of the nominees have displayed a strong commitment to care, connect and unify the game of rugby in NSW. This includes an ability to foster a sense of community within our clubs, engaging an empowering new participants and being a source of motivation and encouragement for supporters of all levels."

Progress against our First Nations engagement targets

FY22 targets

Launch our Reconciliation Action Plan (RAP) in early FY22.



Launched our Stage One Reflect RAP, formalising our commitment to taking meaningful and lasting steps towards reconciliation. Became a member of Supply Nation and created spend dashboard for First Nations owned business and social enterprise.

Acknowledge Traditional Owners at 100% of Charter Hall operational assets.



Traditional Owners have been identified across assets, including the activation of third spaces to celebrate First Nations cultures with naming, signage, design and placemaking. In our Office portfolio, we have partnered with local First Nations artists who have created bespoke artworks to tell the story of the region.

100% of employees receive cultural awareness training by FY23.



Cultural awareness training completed across the business, commencing with the Charter Hall Board, executives and divisional leadership teams.



Accelerated



Progressed and on track



Progressed but behind schedule





Disaster relief

A number of natural and geopolitical disasters hit the world in the past year, including the ongoing COVID-19 pandemic, floods throughout Australia, and the war in the Ukraine.

Alongside our focus on community partnerships and longer-term engagement, we recognise that these types of emergencies benefit most from rapid injections of financial support. The following are examples of where we have directly contributed to emergency relief in FY22.

Food relief

During FY22, Charter Hall partnered with Foodbank NSW & ACT and Foodbank VIC to help address the issues of cost-of-living pressures and food insecurity, which has been significantly exacerbated by the pandemic. Since the start of the COVID-19 pandemic, food insecurity has impacted more Australians than ever before. According to Foodbank's latest Hunger Report, one in six adults in NSW and ACT haven't had enough to eat and 371,600 children have gone hungry in the last year. 47 percent of people seeking relief in NSW and ACT do not get enough for their household's needs.

Charter Hall donated a total of \$100,000, enabling 1,875 emergency hampers to be provided to families in NSW and ACT, which equates to feeding 7,500 Australians for an entire week. 50,000 meals were provided in VIC to those struggling to put food on the table.

Flood relief

Charter Hall contributed \$100,000 to GIVIT to support vulnerable families impacted by the flooding in northern NSW and QLD to access emergency relief including food, shelter and clothing.

GIVIT worked in partnership with State Governments to manage donations for this disaster. Located on the ground, GIVIT allocated the funds directly to people in need, with practical solutions such as furniture, fuel vouchers, washings machines, tents, portable barbeques, clothing and grocery vouchers.

In addition, we donated \$50,000¹ to provide some financial and emotional reprieve for parents and children in northern NSW. This funded one lunch weekly for 727 primary school students across six schools in the Sunnyside Mall trade area over two terms. We partnered with local schools' tuckshops and our Sunnyside Mall tenant customers to deliver these lunches.

\$279,500

donation to UNICEF's
Give the World a Shot

\$100,000

donation to Foodbank

\$100,000

donation to flood relief

\$50,000

donation to UNHCR

UNICEF Give the world a shot

Charter Hall invited its employees to share their vaccination status prior to returning to the office, with every individual vaccination declaration translating to \$500 donated in support of the campaign.

In FY22, Charter Hall donated \$279,500 to UNICEF's Give the World a Shot campaign, funding the vaccination of 55,900 people in underprivileged countries where support is needed the most. The campaign is dedicated to ensuring no one is left behind in the race to vaccinate everyone globally against COVID-19. We recognise that in Australia we have been fortunate in having fast, easy and free access to multiple COVID-19 vaccines, but that is not the case for all countries.

Resettlement support

While we don't have offices in Ukraine, we do have employees with personal connections to the country and its people. With this in mind, we made \$5,000 available for employees with close family in Ukraine or bordering European countries who require resettlement. This one-off resettlement contribution supported travel, legal, translation and communications services.

As the UN Refugee Agency, UNHCR is often the first in and last out during a refugee crisis, providing end-to-end support to those who need it most. To support resettlement opportunities, Charter Hall made a \$50,000 contribution to UNHCR, supporting the provision of much-needed resources on the ground for Ukrainian people seeking refuge and resettlement. Our donation went directly towards relief items, such as blankets, sleeping mats and emergency shelters; cash assistance; reception centres in border areas and protection services. We also 'dollar matched' any employee donations.

Progress against our approach to supporting strong communities

FY22 targets

Profits: up to 1% donated to community partners to achieve positive social outcomes, including supporting communities through natural disasters and crises.

FY22 achievements

\$578,000 of our \$1.28 million donations to community organisations was to crisis support in response to local impacts of COVID-19 and floods, international access to vaccinations, and emergency resettlement support for Ukrainian families.
Fostering talent through Women's Cricket NSW partnership and Rugby Shute Shield sponsorship.



Accelerated



Progressed and on track



Progressed but behind schedule

¹ The \$50,000 donation was allocated over FY22 and FY23.

CASE STUDIES

Social procurement to support victims of domestic violence and the planet

Two Good Co is a social enterprise that creates high-quality food and products, while supporting, empowering and employing women who have experienced domestic violence and homelessness.

In FY22, Two Good Co and Charter Hall began installing 3,000 touchless soap dispensers across our Office portfolio nation-wide. Each dispenser is made from recycled ocean waste plastic by vulnerable women who are getting a fresh start and financial independence. *Protect and Connect Soap* is the latest initiative from Two Good Co’s ongoing collaboration with Charter Hall, to support, empower and employ women to rebuild their lives and confidence and break free from the cycle of disadvantage. The initiative has helped 65 women so far. *Protect and Connect Soap* has also removed more than 1.25 tonnes of plastic from the ocean.

Founder and CEO of Two Good Co, Rob Caslick, said what began 10 years ago as a cook-up for those less fortunate on the streets of Kings Cross, is now a booming social enterprise, “With the launch of *Protect and Connect Soap*, we are anticipating Two Good Co will be able to reach our target of employing 36 women in 2022, but we are planning to see this figure double in years to come.”

“We always ask ourselves; how do we have the greatest possible social benefit with the least impact on the earth? This partnership allows us to sustainably scale our programs while leaving a positive legacy for the environment,” said Mr Caslick.

Charter Hall is now installing *Protect and Connect Soap* across its prime CBD addresses such as No.1 Martin Place and 333 George Street in Sydney, 130 Lonsdale Street in Melbourne, GPO Exchange in Adelaide and 175 Eagle Street in Brisbane. The partnership will also extend to a further 34 managed assets covering over 600,000sqm of workspace across Charter Hall’s \$26 billion Office portfolio.

In recognition of the potential of this exciting collaboration, Two Good Co and Charter Hall were the winners of the Social Traders Game Changer Award (NSW/ACT). These awards showcase the pioneers demonstrating the value of social enterprise procurement.

Charter Hall’s Chief Experience Officer, Natalie Devlin, said, “We look forward to extending our partnership with Two Good Co to supply its premium amenities across our Office portfolio while supporting their critical work helping disadvantaged women in our communities.”

“Through our active partnership approach, we enhance workplace experiences, provide widespread community and economic impacts and help change lives for good,” said Ms Devlin.



Celebrating art, culture and individuality

In November 2021, Charter Hall held their second year of Pride celebrations hosting PrideFest Film Festival at Palace Cinemas and our Raine Square retail centre in WA. The precinct became the epitome of art, colour and culture across a two-week event.

The festival launched with a gala evening attended by members of the community, media personalities, PrideWA board member Joey Kessler and John Carey MLA. The closing night screening of Priscilla Queen of the Desert offered guests an immersive and interactive experience featuring live shadow cast performances during the film.

Both events featured live entertainment, performances from local Drag Queen icons and catering from Raine Square tenants. The Film Festival showcased nine LGBTI+ celebrated films across the ten-day festival at Palace Cinemas.

Raine Square celebrated PrideFest beyond the cinema, transforming the precinct into a vibrant cultural display with live entertainment from local LGBTI+ performers and showcasing local LGBTI+ artists in the ‘True Colours’ exhibition.

PrideFest received incredible community feedback and generated over 5.2 million reach across social and traditional media. The annual event enhances Raine Square’s position as the preferred CBD destination for entertainment, celebrating diversity and aligning it with popular cultural events and the arts.



07

Healthy places



We believe buildings and places need to create safe and healthy outcomes for people. Our approach starts with a deep understanding of human needs design and wellness programs which support physical and mental well-being.

Health and safety

Maintaining the highest standards of health and safety for employees, contractors, customers and suppliers, as well as the wider public that interacts with the business, is a fundamental responsibility of any organisation. It is incumbent upon businesses such as ours to implement effective work health and safety management systems, to identify and mitigate work-related hazards to achieve this. We prioritise mental health and well-being and do everything we can to ensure our work environment remains flexible and accommodating for all our people. Our well-being strategy is predicated on individual needs, so we provide a range of initiatives for our people.

Our work is never so urgent or important that we can't take the time to do it safely. In implementing our Work Health and Safety (WHS) Policy, we provide the necessary resources, leadership and accountability to manage the health, safety and well-being of our people and stakeholders.

In FY22, we conducted WHS training with 75 percent of operational employees. We also commenced the implementation of a new incident management system.

We recorded an employee Lost Time Injury and Lost Time Injury Frequency Rate (LTIFR) of 0, and a Total Recordable Injury Frequency Rate (TRIFR) of 3.0.

We also improved the quality of our safety reporting by capturing enhanced contractor safety data. For the six months from January 2022, we commenced recording contractor TRIFR and LTIFR, which were 7.3 and 2.1 respectively.



Our material issues

- Health, safety and well-being



Our goals

- Implement a portfolio-wide strategy to address health, safety and hygiene standards
- Develop flexible and inclusive places that actively support diversity, well-being, productivity and engagement
- Deliver health and lifestyle amenities, education and wellness services



Future targets

- Transition the WHS management system from ISO 18001 to the new standard ISO 45001 by 2023
- Implement identified WHS training as per the completed training needs analysis by FY23
- Maintain WELL Portfolio accreditation in our workplaces with two additional workplaces to achieve at least silver accreditation by 2025
- Achieve WELL Building accreditations for all new Office developments by 2025

Staying active and healthy during COVID-19

In an effort to keep our people physically and mentally well during the COVID-19 lockdowns, we engaged them in a fitness challenge, Goody Two Shoes.

For this challenge, teams of up to 25 competed to walk the distance (1,798.3 kilometres) from Melbourne to Brisbane, during September 2021. Over 400 Charter Hall employees took part and the goal was extended to walk the distance from Melbourne to Uluru.

With each step taken, our people unlocked donations to Two Good Co and Backtrack. In total we donated 417 Two Good Co food hampers to local womens shelters, sponsored one woman to take part in the Two Good Co Work program, funded the employment of 12 teenagers for a week in regional Australia and funded a full year scholarship for a BackTrack candidate to complete a school-based trainee program (refer to [Employee well-being program creates employment opportunities with BackTrack](#) case study).

We also provided our employees with a range of mechanisms to support them during COVID-19 lockdowns and in their return to the workplace.

This included time off for COVID-19 vaccinations, free parking to support employees who were more comfortable driving than on public transport, information sessions with medical professionals, additional leave to support home-schooling and well-being short courses.

As we emerged from an extended lockdown, we asked our senior leaders to have a conversation with their teams, with a focus on well-being and how we can support our people with meaningful and personalised initiatives. We also incorporated well-being targets into our annual performance goals.



TAKING ACTION

Keeping our tenants safe, active and healthy

Our Office portfolio offers a range of services, resources and events to promote the wellness of our tenant customers. This includes premium end-of-trip facilities which are directly accessible by cyclists, runners and walkers via dedicated access points.

In FY22, we:

- Invested in the creation of a “Wellness Library” which is a project that promotes active living and health and well-being initiatives to tenant customers, such as “Ride to Work” Day.
- Hosted tenant and community events focused on healthy lifestyles, including complimentary healthy treats, live music, lawn games and relaxation space to promote well-being in the workplace and engagement with our local community.

- Held mental health related activities throughout the year, hosting guest speakers and providing educational and supportive materials for events such as May as a Mindfulness Month, Men’s Health Week, Movember and R U OK? Day.

To support our Office tenant customers well-being we provided mental health educational materials through the “Wellness Library” in our Charli app, covering topics such as stress and anxiety, mindfulness, well-being at work, creating better connections, resilience and sleep. We also provided complimentary body wellness sessions such as yoga and similar health classes.



Well-being program

Health and well-being are significant issues for the Industrial & Logistics sector, where employees often face long, physical work shifts, elevated noise levels and limited access to healthy food options in and around their workplace.

Charter Hall advocates for healthy work environments across the sector, and introduced Morsl, a fully automated self-service café to its tenant customers. Morsl provides a curated range of more than 1,000 fresh ready-to-eat meals and drinks to ensure the healthiest choice is the easiest choice.

By integrating Morsl into a logistics facility, our tenant customers can support the personal health and well-being of their employees, boost morale and job satisfaction, improve employee productivity and contribute to a happier, healthier industry.






This year our first tenant customer signed up to Morsl, with aluminium manufacturing business Capral implementing a Morsl café in their Huntingwood, NSW warehouse facility. Going forward, we will be looking for opportunities to partner with our tenant customers to incorporate Morsl’s offering into our development assets and across our national portfolio.




This initiative complements our well-being strategy, as well as our partnership with Healthy Heads in Trucks & Sheds, a not-for-profit providing mental health support and education across the road transport, warehousing and logistics industries. Refer to [Collaborating with HHTS, R U OK? and Kick Start to support mental health case study](#).



TAKING ACTION

Progress against our health, safety and well-being targets

FY22 targets	FY22 achievements
Zero Lost Time Injury for operations and developments.	 We recorded an employee Lost Time Injury and Lost Time Injury Frequency Rate (LTIFR) of 0, and a Total Recordable Injury Frequency Rate (TRIFR) of 3.0. In FY22, we commenced recording contractor TRIFR and LTIFR, which for the 6 months from January 2022 was 7.3 and 2.1 respectively.
Increase coverage of the WELL Portfolio rating to 1.2 million sqm, representing more than 68% of our current Office footprint.	 Maintained WELL Portfolio coverage across 800k sqm of operational Office assets, accounting for asset divestments. We have expanded our approach in FY22 to include a larger footprint of Office assets and extended our timeframe to enable the integration of additional Health Safety Standard indicators.
5 stars NABERS Indoor Environment for Office Portfolio rating by FY25.	 82% coverage of NABERS Indoor Environment for Office Portfolio rating, an increase of 16% from FY21.
Implement a new WHS management system and train employees to position Charter Hall to efficiently react, understand and respond.	 New incident management system to be implemented by the end of 2022. The solution will be user-friendly, allow for process optimisation and integration with our current platforms, as well as provide enhanced reporting capabilities. 130 hours of training has been delivered to 75% of our employees on our WHS Management System, with COVID-19 travel and access restrictions impacting full roll-out. This will be completed in FY23.
Enhance our well-being strategy to adapt to the challenging needs of the business and measure success through employee surveys.	 Engaged KPMG to complete an internal audit on the adequacy and design effectiveness of our employee well-being and mental health processes and initiatives. Used findings to refine well-being strategy to incorporate further structure around the mitigation of psychosocial risks, lifting manager capability, and further embedding well-being skills through measured and meaningful initiatives.

 Accelerated  Progressed and on track  Progressed but behind schedule

CASE STUDY

Collaborating with HHTS, R U OK? and Kick Start to support mental health

In FY22, Charter Hall partnered with Healthy Heads in Trucks & Sheds (HHTS), a mental health and well-being organisation that operates specifically in the road transport, warehousing and logistics industries.

Those working in these industries face unique challenges such as tight deadlines, long hours, shift work and isolation. In a recent report released by SuperFriend, it was revealed that 44.8 percent of workers experience a mental health condition, with 38.2 percent of those workers saying that their workplace caused the condition or made it worse. A recent study from Monash University also revealed that 48 percent of truck drivers have had a mental health condition in the past 12 months.

It’s important in these circumstances to be able to check on people’s well-being and to be able to speak openly with fellow workers to help ensure that they feel connected and supported.

As an extension of this partnership, Charter Hall embraced a collaboration between HHTS and R U OK?, participating in the inaugural R U OK? in Trucks & Sheds Day of Action. The day created conversations and partnerships to ensure our own tenant customers feel supported at work.

Through this initiative we hosted morning teas and lunches across the country for 27 of our Industrial & Logistics tenant customers. The aim of these events was for workers to take time out and start conversations with each other.

Charter Hall’s community partner, Kick Start, provided the catering for these events. By engaging Kick Start, we supported their traineeship program, which provides young people with valuable qualifications and employment.

“Charter Hall’s support has been invaluable, providing us with the means to expand our program and help even more young people gain meaningful employment and their Certificate III in Hospitality,” explains Kick Start General Manager Paul Borghetti. “These young people are now empowered, with the qualifications, practical skills and support to join the workforce. Since partnering with Charter Hall, 22 young people have graduated with another 10 trainees currently being supported by the program. We are also operating four onsite cafes at Charter Hall assets.”

This was a unique opportunity for Charter Hall to partner with three community organisations to support our tenant customers and local communities.



TAKING ACTION

08

Shared success



We invest in the economic growth and improved livelihoods for people in the communities in which we operate, as well as in our supply chain. We want our communities to be successful, including those disadvantaged or vulnerable through economic, social or other circumstances.

Charter Hall pursues this outcome by looking to improve access to learning, skills and job opportunities, strengthening our social impact through our supply chain partners and practices, and by opening up our assets to support activities that lead to economic benefit.

Employment opportunities for the vulnerable and disadvantaged

In FY22, we set a target to deliver 100 meaningful employment outcomes per year. We established state-based partnerships with four social enterprises to support employment for vulnerable youth. These partnerships generated over 190 employment outcomes in FY22. Our progress against our targets is shown in the graph on the following page. Our overall spend with social enterprises in FY22 was \$1 million.

White Box Enterprises (QLD employment partner)

White Box identifies business opportunities to create jobs for disadvantaged Australians. Their goal is to create 5,000 jobs for young, disadvantaged Australians by FY30. In FY22, White Box worked alongside Charter Hall to unlock 1,700sqm of space in Brisbane's CBD and provide space for jobs-focused social enterprises and support 90 employment outcomes. For further information refer to the [Meaningful work for those facing barriers to the job market](#) case study.



Our material issues

- Community and social inclusion
- Responsible and sustainable supply chain



Our goals

- Leverage a portion of our profits, space and employee time to support our communities
- Improve access to learning, skills and job opportunities to support meaningful employment and sustained livelihoods in the communities in which we operate
- Strengthen our social impact and expand our community investment through our supply chain partners and processes



Future targets

- Deliver 100 meaningful employment outcomes per year for vulnerable youth by 2023
- Achieve 400 youth employment outcomes by 2025 and 1,200 by 2030
- Contribute 1% of our profits, space and people's time to community partners each year to help them achieve positive social impacts by 2025
- Implement a volunteering strategy aligned to our sustainability pillars in 2023
- Volunteer 6,000 hours of time in the community by FY25

Dismantle (WA employment partner)

Dismantle enables WA's 'at-risk' young people to overcome socio-inherited hurdles, minimising the risk of long-term unemployment and providing fundamental skills and support that lay the foundations for personal growth, independence and success.

In FY22, we supported Dismantle across a range of activities, including:

- ReNew is a social enterprise that endeavours to connect at-risk young people with hands-on, entry level employment opportunities for organisations who want to create deeper value with their purchasing power. In FY22, we enabled 62 youth employment outcomes through engaging ReNew.
- Bike Rescue is a hands-on, skills based mentoring program designed to engage at-risk young people.
- Bike Doctor provides employment pathways for program participants and generates approximately 40 percent of Dismantle's annual revenue.

Kick Start (NSW employment partner)

Kick Start is a hospitality-based social enterprise operating a fleet of mobile cafes on construction sites around Sydney providing training and employment opportunities for local youths. Kick Start is able to engage and contribute to the local community while offering a high-quality food and beverage solution to workers and visitors. In addition to onsite cafes, Kick Start also provides catering for events.

In FY22, we contracted Kick Start to provide it with:

- Four food trailers servicing seven of our development sites (six Industrial & Logistics assets and one Office asset).
- One coffee cart at a retail centre in Macquarie Park.
- Regular catering events, including working with Charter Hall, R U OK? and Healthy Heads in Trucks & Sheds to cater for events at ten locations.

In FY22, 32 young people were employed through Kick Start trailers at our Industrial & Logistics development sites at Glendenning, Prestons, Huntingwood and Wetherill Park.

TAKING ACTION

Green Collect (VIC employment partner)

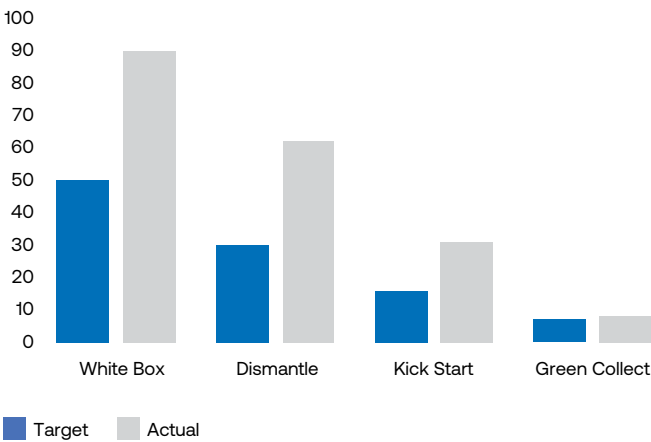
Green Collect is a social enterprise that focuses on resource recovery, collecting items from offices and homes that are at risk of being sent to landfill and carefully sorting them to find the best environmental outcome. Central to their mission is to create employment opportunities for young people.

In FY22, Charter Hall provided funding to help establish Green Collect's new program within the Youth Justice Department. The program allows youth who would have received a custodial sentence to be diverted from the prison system and receive mentoring, job coaching and training and at the end of their sentence, obtain employment.

The impacts of COVID-19 caused changes and delays in the Youth Justice Department programs and affected the program timeframes which meant that we also opened up referrals to young people in the community who were identified as being at-risk of entering the justice system. In FY22, Green Collect has supported eight young people to commence paid employment in the enterprise, while delivering training to an additional four young people.

Charter Hall is also working with Green Collect to explore their potential to provide office refurbishments for our tenant customers, which has the potential to significantly increase the scale of their services.

Number of employment outcomes delivered in FY22 (191 in total)



Mates on the Move (NSW Office sector partner)

Mates on the Move (MOTM) is a social enterprise run by the Prisoners' Aid Association of NSW and provides employment opportunities for ex-offenders through sustainable waste managed services.

Charter Hall has engaged with MOTM to collect paper hand towels in nine NSW office buildings. In FY22, over 15 tonnes of paper hand towels were collected and diverted from landfill from our offices thanks to MOTM.

First Nations and social procurement spend

We have an opportunity to support First Nations organisations through the operation of our vast property portfolio.

In FY22, Charter Hall became a member of Supply Nation as a part of its ongoing commitment to connect its operations with First Nations suppliers and to further support First Nations peoples and organisations through our supply chain.

We are also working with our RAP Working Group to develop a procurement target to further support First Nations peoples and organisations through our supply chain.

In addition, we have been looking to better capture our overall spend with First Nations social enterprises.

\$10.25m
spend with First Nations organisations since 2019

\$339k
spend with First Nations organisations in FY22



Progress against our employment opportunities targets

FY22 targets

Deliver 100 meaningful employment outcomes for vulnerable youth.



FY22 achievements

Achieved 191 meaningful employment outcomes for vulnerable youth through our partnerships with Dismantle, Kick Start, White Box and Green Collect, exceeding target by 91%.



Accelerated



Progressed and on track



Progressed but behind schedule

TAKING ACTION

Pledge 1% - our profits, places and people pledge

In 2017, Charter Hall became the first Australian property company to join the Pledge 1% movement. Our values seek mutual success and we have pledged to share a portion of our success with our communities. We do this by offering up to one percent of our profits¹, places and our peoples’ time to help communities across Australia.

One percent might seem like an insignificant amount, but in FY22, it saw us contribute more than \$2.9 million to in-kind donations, volunteering hours and allocation of space.

In FY22, we donated \$1.28 million to charitable and community organisations and social enterprises. This included partnering with employment social enterprises to generate over 190 employment outcomes and providing emergency and crisis support through our donations to Food Bank, UNICEF, GIVIT an UNHCR.

With an emphasis on activating long-term vacancies or underutilised spaces, we provide space to support communities and enable shared economic success and sustained livelihoods. In FY22, we gifted more than 27,000sqm of space, valued at over \$1.4 million, to community organisations and social enterprises. This is slightly lower than the space gifted in FY21 due to the impact of COVID-19 on office tenancies and retail spaces.

Our people are encouraged to volunteer two days per year with a charity or in a community project. Most of our people take part of a volunteer activity their team has organised. Individuals are also encouraged to donate their time to matters close to their hearts.

Despite challenges like state lockdowns, in FY22 our employees volunteered 3,143 hours (equivalent to \$290,000) with the community, an increase on FY21 of 263 percent. Team volunteering efforts supported causes such as domestic violence, health and well-being, nature conservation, feeding the homeless and the circular economy.

CASE STUDY

Employee well-being program creates employment opportunities with BackTrack

In addition to working with our state-based employment partners on creating social uplift, we also supported social enterprise BackTrack Works.

Established in 2018 by not-for-profit BackTrack, BackTrack Works trains and employs vulnerable young people who experience complex, intersecting barriers that marginalise them from mainstream education, training and employment.

During the year, Charter Hall made a one-year scholarship available to BackTrack Works to support a young person obtain a trade qualification. This opportunity was made available through a well-being initiative run for our people that encouraged recreational activity during the COVID-19 lockdown (refer to [Staying active and healthy during COVID-19](#)).

The recipient, Brett Orcher came to BackTrack in 2012 as a 13-year-old. Originally from Tenterfield in northern NSW Brett had fallen in with the ‘wrong crowd’, he’d stopped attending school, struggled with drug use and was in contact with the justice system. With BackTrack’s support, Brett relocated to Armidale and stayed at BackTrack’s residential home, Warrah, for the next five years. He progressed through the BackTrack Core Program and made big strides in his literacy and numeracy, life skills and work-readiness.

When BackTrack Works was established, Brett was an ideal candidate. He became an official employee and assisted with asset maintenance, construction, fabrication, wood carting, horticulture and shearing and fencing projects. Brett was also one of the first young people to participate in BackTrack’s bushfire recovery work in early 2020 and has been involved in bushfire, tornado and flood recovery projects ever since.

In October 2021, BackTrack Works enrolled Brett in a Certificate III Apprenticeship in Engineering/Fabrication, funded by the scholarship from Charter Hall. With guidance from BackTrack’s Fabrication Supervisor, Brett fabricates cattle grids, gates, feeders, dog boxes and panels for local and regional rural suppliers. His leadership skills have developed and opportunities have opened up for Brett to mentor BackTrack’s Core Program participants on a weekly basis. Brett has also completed his Traffic Control and Chemical Accreditation certificates and excavator, skid steer loader, chainsaw and roller operations skillsets, and obtained his white card and provisional driver’s licence.

From a 13-year-old having a tough time, Brett has become a successful 23-year-old apprentice with a steady job, a partner and a great support network.



Progress against our community investment targets	
FY22 targets	FY22 achievements
Pledge 1% - donate up to 1% of profits ¹ , places ² and people's time.	<div></div> <div>Donated \$1.28 million to community organisations across Australia and overseas, of which \$578,000 was donated to crisis support in response to local impacts of COVID-19 and floods, international access to vaccinations, and emergency support for Ukrainian families relocating to Australia. In addition to our 1% profit donation, we spent \$1 million in social procurement with social enterprises including Two Good Co soap in our Office portfolio.</div> <div>27,801sqm of space valued at over \$1.4 million was provided to community organisations.</div> <div>Despite a year of hardship and lockdown, our employees volunteered 3,143 hours (equivalent to \$290,000) with the community, an increase on FY21 of 263%.</div>
Refine our Social Sustainability Strategy to maximise the social impact of our community initiatives and develop a national partnership framework to bring the strategy to life.	<div></div> <div>Refined sustainability framework including a focus on three social pillars where we can have a positive impact – <u>Strong communities</u>; <u>Healthy places</u>; and <u>Shared success</u>.</div>

 Accelerated

 Progressed and on track

 Progressed but behind schedule

1. One percent of profits related to Property Funds Management.
2. Underutilised space provided to community organisations including vacant tenancies and warehousing space, Casual Mall Leasing, lobby space and car parks.

CASE STUDIES

Meaningful work for those facing barriers to the job market

One of the most impactful partnerships that Charter Hall has entered into over the past year is with White Box, a unique and innovative organisation that builds viable and successful social enterprises.

For people who have arrived in Australia as refugees, individuals living with a physical or mental disability, or those facing cultural barriers, the opportunities to find meaningful, long-lasting work are limited. It is not just finding work, but staying employed in an environment where they feel supported, valued and encouraged. Founded in Australia in 2019, White Box was created to engage and support these individuals.

White Box works with social enterprises, government, investors and philanthropists to build, support and advocate for large-scale employment-focused social enterprises to transform the employment system for Australia's most disadvantaged people.

Finding willing investors, locating the right premises, creating a business model, and ensuring resources are in place to support and train employees can be a barrier to success for social enterprises. By dealing directly with White Box, property owners looking to partner in these endeavours don't have to take on the risks typically associated with small social enterprises.

Australian Spatial Analytics (ASA) is one of their success stories. ASA is a social enterprise that employs young autistic adults to do data analysis for businesses and government. Recognising the skills shortage in Australia, ASA has had a rapid growth since inception and now employs over 80 people.



ASA is just one organisation that is helping to fulfil White Box's ambitious plan is to create 5,000 jobs for overlooked Australians by FY30. White Box has now established several employment-focused social enterprises and employment hubs which enabled the creation of over 600 jobs, and raised significant capital for investment in new enterprises.

Charter Hall is partnering with White Box to deliver support in several key areas, including:

- Providing skilled property personnel on a voluntary basis to help White Box negotiate the property market, including advice on lease negotiation, fit-out, and property management.
- Identifying and providing suitable spaces for White Box's operations and new social enterprises.
- Supporting White Box's own development with financial support and volunteering days.

Working with the Charter Hall team, White Box has been able to identify and evaluate suitable spaces in different assets across the country. Charter Hall has provided a 1,200sqm space in Brisbane which has created a home for four social enterprises, facilitated the employment of over 80 people and driven collaboration across their businesses.

White Box's current focus with Charter Hall is to take advantage of short-term vacant properties to set up social enterprises and demonstrate their viability and potential, then look to acquire a more permanent location in the future. Our ongoing pro-bono advice enables more informed decisions around leasing arrangements, furnishings, and finding the right valuers, and builds White Box's internal expertise so it can confidently expand its national footprint.

Charter Hall draws much from the partnership – our people can apply their specific skills and contribute innovative ideas to White Box's endeavours. Charter Hall's Manager of Social Sustainability, Ashley Hamnett, says that "Charter Hall shares White Box's vision that more can and should be done to make job opportunities far more equitable and accessible across the Australian market, and that social, cultural, intellectual, or physical disadvantage should not limit opportunities to access rewarding, satisfying and long-lasting work."

Supporting vulnerable children in vital early learning

In January 2022, Charter Hall partnered with Australia's largest not-for-profit early learning provider, Goodstart, to give vulnerable children the opportunity to attend early learning.

Charter Hall is supporting the Early Learning Fund (ELF) to provide fee relief for early learning and care for at least 55 families and their children experiencing significant vulnerability over 2 years.

The ELF is a partnership between Goodstart, The Benevolent Society and Uniting (NSW/ACT). All children and their families supported by the ELF are living below the poverty line. The ELF started in 2015, and in 2021 it supported more than 1,000 children attending both Uniting and Goodstart early learning centres, thanks to philanthropy, corporate funding and Goodstart's workplace giving program, Giving@Goodstart.

Eligible children include those at risk of abuse or neglect, living in hardship, refugee and humanitarian entrants and First Nations peoples. Many children are impacted by a combination of these risk factors. Each will receive at least two days of care weekly at a Goodstart early learning centre for the two years prior to starting school.

Goodstart CEO Julia Davison said the partnership with Charter Hall will create tangible community and social impact. "We are absolutely thrilled to be working with our existing partner, Charter Hall, to make a real difference in the lives of children thanks to this philanthropic funding," Julia said. "We know the most vulnerable children gain the most from participating in our high-quality and inclusive programs ahead of starting school."

In Australia, thousands of children cannot access early learning and care because of their family circumstances – putting them at a disadvantage early in life. The ELF aims to address this by acting as a 'safety net' when there is no government assistance available, or it has been exhausted.

David Harrison, Charter Hall's Managing Director & CEO, was keen to support the work of the ELF. "Charter Hall is committed to partnering with organisations such as Goodstart to build stronger communities and help those in need. No child should miss out on the chance to receive an education. With Goodstart and other partners, we are able to provide opportunities for the children of today to be the leaders of tomorrow," said Mr Harrison.

Travis Butcher, Fund Manager for the Charter Hall Social Infrastructure REIT (CQE) said the partnership is a fantastic way to support our largest tenant customer, with Goodstart to provide real social and educational benefits to the children accessing this program.

"We're proud to be part of a solution that is about creating more inclusive communities, where no child in Australia misses out on vital access to early learning and care before they start school."

As at the end of FY22, the program has supported over 750 children experiencing significant vulnerability. More than 200 children in the program have a disability, 100 were identified at risk of abuse or neglect, almost 200 identify as First Nations peoples, and 350 of the children live in regional or rural communities. Around 40 percent of these children attended a Charter Hall owned childcare centre.

During the year, Charter Hall gifted over 14,000 hours of early learning support to the program. A number of parents of the children in the program were able to either gain employment or commence studies as a result. A social impact study run by Social Ventures Australia estimated that the program creates \$5.50 in social and economic value for every \$1.00 invested.



TAKING ACTION

09

Sustained returns



As a business, we believe that creating environmental and social value alongside financial returns drives long-term value.

Responsible investment

As awareness around the influence that non-financial factors have on value, longevity, reputation and returns continue to grow, investors are demanding greater transparency around where and how their money is being invested. They want clear and concise information on the ESG aspects of a business, particularly in terms of its risks and opportunities, and how well those aspects are managed and monitored.

In addition, regulation around responsible investment has increased, spurred on by well-publicised examples of companies that have failed to act responsibly in managing the money entrusted to them. Regulators also recognise the positive outcomes that responsible investment can deliver in addressing current challenges around climate change, modern slavery and fair trade.

ESG and responsible investment principles are increasingly mainstream, with the Principles for Responsible Investment (PRI) having continued growth in both signatories and assets under management. All 3,826 PRI signatories (3,404 investors and 422 service providers) increased by 17 percent over the period from US\$103.4 trillion to just over US\$121 trillion in 2021.

In the property sector, the Global Real Estate Sustainability Benchmark (GRESB) has enjoyed a similar rise with a 74 percent increase in gross asset value participating in their annual assessment (as at October 2021), highlighting a core focus on ESG alignment for both the sector and investor members.



Our material issues

- Sustainable growth and returns



Our goals

- Access and deploy capital in a way that creates value for all our stakeholders
- Leverage our approach to ESG to attract and retain capital partners



Future targets

- Continue to leverage our ESG credentials in support of green finance activity

Our funds management platform continues to be active in using independent rating tools to measure operational performance, as well as alignment with benchmarks like GRESB and the Dow Jones Sustainability Index. In 2022, 26 Charter Hall funds and partnerships participated in GRESB and are well aligned to our focus on responsible investment and transparency of performance.

Integrating sustainability considerations into our investment decisions helps underpin sustainable growth and returns. We have been a signatory to the PRI since 2008 and remain committed to its six Principles. These Principles reflect the relevance of ESG issues to investment practices.




TAKING ACTION

Responsible investment (continued)

We implement our Group-wide sustainability framework to ensure we focus our efforts on what is most material to our business and our stakeholders.


As a business, we acknowledge that achieving safety, diversity and partnering with customers delivers sustainable outcomes. We believe this supports our purpose to create better futures by driving value and mutual success. We are guided by our approach to creating climate resilience, building strong communities and being a responsible business.

In line with our signatory commitment under the PRI, we remain committed to the following actions:




01

Incorporate ESG issues into investment analysis and decision-making processes, formally evaluating risks and opportunities.




02

Integrate ESG issues into policies and sustainability strategies for our funds that support achievement of our carbon commitment to Net Zero carbon by 2030 for assets (Scope 1 and Scope 2), use 100 percent renewable electricity by 2025 and collaborate with our tenant customers to transition to renewable electricity and mitigate our operational Scope 3 emissions.




03

Promote responsible investment by committing to the use of green rating tools and labels, to benchmark and disclose ESG performance at both the portfolio and asset level.




04

Engage and share knowledge with stakeholders on ESG issues related to responsible property investment practices, promoting the acceptance and implementation of the PRI.



05

Partner with industry associations, policy makers and other bodies to create tools to measure and assess ESG in property and investment industries.



06

Measure and report on our ESG activities and progress against targets.

Active partnerships

Active partnerships and positive outcomes are at the heart of what we do. As one of the largest managers of third-party capital invested in Australian commercial property, our market-leading funds aim to deliver sustainable and stable income, and strong risk-adjusted returns.

Our funds provide our customers with access to commercial property in their investment mix. The diversity of our property portfolio and our unique business model means we can offer a wide range of investment opportunities. More than 45,000 investors across our platform now invest with us, from wholesale and institutional clients, to direct retail investors.

We take our financial fiduciary role very seriously and equally understand that our approach to environmental and social value creates long-term value for our business and investors.

We are open and collaborative, taking the time to understand investors’ needs and aspirations and managing our portfolios appropriately and responsibly.

During FY22, we held more than 100 direct ESG engagement meetings with investors and their responsible investment teams.

Sustainable Finance

Green loans or sustainability linked loans (SLLs) are a loan instrument that serves to finance or re-finance suitable green projects. Green loans focus on the purpose of the loan, or eventually look at the asset to be financed. SLLs on the other hand refer to the borrower itself and how it is increasing (or decreasing) its own sustainability performance.

For the borrower, there are cost advantages in going with a green loan, which could be up to 10 basis points cheaper than a traditional debt facility. There is also demand from lenders for green financing to help them meet their own internal sustainability targets. However, green loans make up only a few percent of Australia’s commercial real estate debt, with green loans contributing around a 16 percent share of financing. The office sector in Australia accounts for about 50 percent of green financing transactions, with industrial and retail at 18 percent and 19 percent respectively, followed by residential at 12 percent.

Charter Hall has gone from zero green debt in early 2021 to \$2.5 billion of green debt today. This includes both types of green financing structures – SLLs and green loans. SLLs comprise \$1.5 billion of the total green financing that Charter Hall has issued to date, with green loans making up the remaining \$900 million. Together, both types of financing comprise around 10 percent of Charter Hall’s total debt.



TAKING ACTION

In November 2021, Charter Hall funded a \$500 million sustainability-linked loan for the Charter Hall Office Trust (CHOT). The loan was syndicated by MUFG Bank (MUFG) and Sumitomo Mitsui Banking Corporation (SMBC) with MUFG acting as ESG Structuring Coordinator. The seven-year facility is directly linked to CHOT’s performance against sustainability targets and internationally recognised Sustainability Reporting Standards, delivering a financial benefit to CHOT should it meet or exceed the key performance indicators laid out in the loan agreement. CHOT has reduced its carbon intensity (kg/sqm) by 23.5 percent since FY19 and remains focused on the continued integration of ESG into its fund strategy and operational performance. CHOT’s reduction in carbon intensity is aligned with Charter Hall’s commitment to achieving Net Zero emissions in operations across its business by FY30. In April 2022, a further \$1 billion in sustainability-linked loans was issued by CHOT.

These outcomes highlight how Charter Hall is responding to increasing demands from investor and tenant customers for assets with strong sustainability credentials.

As buildings account for a quarter of Australia’s emissions and almost half of the country’s electricity use, Charter Hall recognises the role that buildings play in driving low carbon outcomes as the Australian economy transitions to Net Zero. We report our energy use, greenhouse gas emissions and investment use of renewable electricity (both onsite and offsite) in our ESG Databook 2022.

Sustainable Finance disclosure

On an annual basis, Charter Hall will disclose the allocation of the net proceeds of each Sustainable Finance transaction in the ESG Databook 2022.

The information will contain the following details:

- a list of eligible projects to which sustainable funding proceeds have been allocated;
- a brief description of the projects and the amounts allocated; and
- their expected impact.

Where applicable, the relevant benchmarks and calculation methodologies will be described. The contents of the disclosure will be reviewed and approved by the ESG Committee. Charter Hall will engage an independent third party to provide limited assurance in accordance with the ASAE 3000. We are committed to best practice reporting for any green loans issued in line with best practice set out within the GLP and GBP and CBI.

CASE STUDY

Australia's first green construction facility

Strong environmental credentials at our 480 Swan Street development in Richmond, VIC allowed us to obtain what is expected to be Australia’s first-ever Climate Bond Initiative-certified Green Development Loan.

In FY22, Charter Hall and the Victorian Funds Management Corporation commenced the construction of Australia Post’s new \$460 million National Support Centre located at 480 Swan Street, Richmond, VIC.

The project’s strong environmental credentials helped Charter Hall achieve Climate Bond Initiative certification for its five-year, \$202 million construction facility with sole financier Commonwealth Bank.

“We are pleased to have secured this green loan for 480 Swan Street, which is the first loan under Charter Hall’s new Green Financing Framework. We are committed to

embedding ESG into every aspect of our business, and this facility with CBA is a great example of that plan in action,” said Phil Schretzmeyer, head of treasury & group planning, at Charter Hall.

This is the first green construction facility in Australia and marks a new milestone in the development of the domestic green loan market.

480 Swan Street is due for completion in 2024. The 12-floor A-grade office development not only provides Australia Post with a state-of-the-art, high-quality workplace, it provides outstanding sustainability credentials. It will be a social and community focused commercial precinct that elevates the existing amenity of its location.

The 32,000sqm building will be carbon neutral throughout construction and will operate as a fully electric and carbon neutral office building, targeting a 6 star Green Star rating, a 5 star NABERS Energy rating and a WELL Platinum rating.



Progress against our sustained returns targets

FY22 targets

Leverage the Group’s ESG credentials to leverage Sustainable Finance opportunities.

FY22 achievements



Completed \$1.4 billion of SLLs and \$1.0 billion of green loans (\$2.5 billion total). We had \$0.1 billion of SLLs at June 21 which takes the total to \$1.5 billion SLLs and \$1.0 billion green loans.



Accelerated



Progressed and on track



Progressed but behind schedule



Governance and responsible business

To deliver our sustainability approach we rely on robust governance frameworks, underpinned by policies, procedures and action plans.

Our governance framework aligns with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Corporate Governance Statements for our listed funds can be found [here](#).



Ethics

Our culture sees us embrace ethical practices and comply with relevant regulations. We aim to be fully accountable and transparent with the market around fines, breaches and other business transgression that may occur. A [Whistleblower policy](#) and whistleblower hotline support this outcome. Our grievance mechanism is supported by an independent provider. We are committed to protecting and respecting the rights of anyone who makes a report based on reasonable grounds, ensuring they are treated fairly and do not experience any disadvantage. We will not tolerate anyone being discouraged from speaking up or being adversely affected because they have reported misconduct. All our people receive guidance on governance and risk management policies, including our [Code of Conduct](#), which defines the principles and the behaviours we embrace to operate safely, honestly, and responsibly. In FY22 we did not receive any fines or breaches.

Risk management

ESG criteria are integrated into our Group's risk management processes and our Risk Appetite Statement acknowledges ESG considerations as key strategic risks and opportunities in our risk register.

Specifically, we are mindful of the impact of emissions on climate change, as well as societal expectations on business. This includes safety, well-being and compliance with legislation. We take note of the emerging regulations in ESG governance, increased stakeholder scrutiny of our performance, and the importance of transparency and accountability to brand and reputation. ESG risks and opportunities are factored into our acquisition due diligence process, integrated into developments' project controls and into strategic asset planning at the fund and asset level.

In addition, our ESG Committee ensures the delivery of sustainable business practices, such as procuring renewables, continuing alignment to the Task Force on Climate-related Financial Disclosures (TCFD) requirements, delivering climate change adaptation plans for all our assets, monitoring social procurement and establishing social value-generating partnerships.

Responsible investment

We take our fiduciary duty seriously, never forgetting that we're managing other people's money. All Charter Hall's managed funds adopt our Group-wide policies, Codes of Conduct and Charters which guide our investments and decision-making.

Our business decisions are guided by our [Sustainability Policy](#), our [Human Rights Policy](#), and by our policies addressing diversity and inclusion, whistleblowing, privacy, conflicts of interest, work health and safety, and bribery, fraud and corruption. We enact these policies through Codes of Conduct for our employees and suppliers.

Accountability and transparency for our processes and outcomes is provided through our internal and external reporting, including this Report, our [2022 Annual Reports](#), our [TCFD](#), our [United Nations Global Compact \(UNGC\) Communication on Progress](#), our annual [Modern Slavery Statement](#) and our annual [ESG Databook 2022](#).

We have been a signatory to the Principles for Responsible Investment (PRI) since 2008 and remain committed to its six Principles. We continue to leverage our ESG credentials to support attraction and retention of wholesale, listed and retail investors.

Cyber security

Charter Hall fosters innovation not just in relation to technology, but across all aspects of our developments and operations. We look to leverage our diversity of expertise to encourage different thinking, knowledge sharing and collaboration to solve industry problems and deliver smart property solutions. Innovating and applying technology brings numerous benefits to our business and to the livelihoods and well-being of our customers. At the same time we need to exercise care and due diligence, so we digitalise responsibly, ethically and sustainably and in a way that safeguards privacy.

Protecting information is a whole of business responsibility. Our data governance practices are detailed in our Data Governance and Information Security Policies and our associated risk tolerance is addressed in our organisational Risk Appetite Statements.

Our cyber security practices are aligned with the internationally-recognised ISO27001 and NIST frameworks and are audited each year. We continue to evolve our approach as the frequency and sophistication of cyber threats grow. Updates are provided on a quarterly basis to our executives and the Board.

We are also working as a foundational member of the Sustainable Digitalisation Project (SDP) to develop a practical and multi-faceted framework, for use by ourselves and others, to help the commercial real estate industry digitalise in a responsible, ethical and sustainable way.

Progress against our governance and responsible business targets

FY22 targets

Achieve 100% employee participation in risk and compliance training.

Embed and continuously evolve information security, data governance and privacy practices in our operations. Continue to drive digital technology and innovation to enhance experience and well-being, operate efficiently and sustainably, and safeguard against risk.

FY22 achievements

All our people received training on governance and risk management policies, including our Code of Conduct.

Successfully executed on our FY22 cyber security roadmap, while continuing our role as Vice-Chair of the Property Council of Australia's Cyber Security Roundtable to address emerging cyber threats as an industry and across our supply chain.

Commenced pilot of the Sustainable Digitalisation Project framework at No.1 Martin Place, Sydney.

Partnered with other industry leaders, academia and government, to develop and pilot the Principles Application Framework as a foundational partner of the Sustainable Digitalisation Project.

Accelerated Progressed and on track Progressed but behind schedule

GOVERNANCE & RESPONSIBLE BUSINESS

Responsible and sustainable supply chains

For Charter Hall, responsible and sustainable procurement includes:

- All existing suppliers review and accept our [Supplier Code of Conduct](#) on an annual basis;
- New suppliers must sign our Supplier Code of Conduct as part of our onboarding process;
- All supplier agreements include modern slavery clauses to assist in ensuring our supplier partners are effectively managing their modern slavery risks;
- Procurement of sustainably delivered services, products and materials; and
- Promoting supply chain practices that align with circular economy principles.

Charter Hall is committed to upholding universal principles on human rights, labour, environment and anti-corruption and we have a requirement for all our business partners to do likewise.

In FY22, we reviewed our standard agreements, processes and guidelines to integrate our actions on human rights and modern slavery. We released our second [Modern Slavery Statement](#), in line with the [Australian Modern Slavery Act 2018](#).

Our cross-sector Human Rights and Modern Slavery Working Group reviews and manages our responses across our portfolios. In addition, we are a signatory to the UN Global Compact, and a member of the Cleaning Accountability Framework (CAF), which addresses potential modern slavery issues in the cleaning industry.

In FY22, we maintained CAF certification of four office buildings in Melbourne and Sydney, with all assets participating in annual health checks maintaining their 3 Star certification, the highest currently awarded by CAF. We are working with our tenant customers and service partners to ensure that minor concerns identified are corrected and practices improved to prevent them. We continue to work with CAF and our service providers on developing ways of working and alignment with best practice across the portfolio.

Certain supplier categories represent our highest risk for potential occurrences of modern slavery in our supply chain. In FY22, we engaged with 61 suppliers in the high-risk industries of cleaning and security, with a total spend of \$64 million across both industries. Fifteen of these suppliers accounted for over 90 percent of our spend across these high-risk industries.

Charter Hall continued its collaboration with the Property Council, leading property organisations, Informed365 and industry experts to create a supplier pre-qualification platform. This platform interrogates suppliers' management of human rights issues and modern slavery risks in their business. The platform also enables these suppliers to share their risk management practices with other organisations in the property sector.

We focused our engagement with suppliers in the high-risk industries of cleaning and security. The Property Council pre-qualification was sent to 33 of Charter Hall's cleaning and security suppliers, representing 100 percent of our total cleaning and security spend across our Office, Shopping Centre Retail and Industrial & Logistics sectors.

In response, 31 suppliers completed the survey by end of June 2022, which represents a 94 percent completion rate. The overall responses were encouraging, revealing no red flags or significant areas of concern.

Areas of potential improvement included encouraging suppliers to progress developing their human rights and modern slavery policies and greater utilisation of training and education tools such as that provided by the Supply Chain Sustainability School.



Progress against our governance and responsible business targets

FY22 targets

Expand the number of high-risk suppliers completing the modern slavery pre-qualification.



FY22 achievements

For FY22, we focused our engagement on suppliers in the high-risk industries of cleaning and security. The Property Council pre-qualification was sent to 33 of Charter Hall's cleaning and security suppliers, representing 100% of our total cleaning and security spend across our Office, Shopping Centre Retail and Industrial & Logistics sectors.

All employees received modern slavery refresher training, including the process of reporting issues or suspect modern slavery in our operations or supply chains.

Implement Environmental Management System during FY22.



Progressed the implementation of our Environmental Management System across the portfolio.

Complete full alignment with the TCFD Framework by FY25.



Progress on defining new scenarios. Updated our [Supplier Code of Conduct](#) and [Sustainability Policy](#).

Our Board continued to oversee Group-wide sustainability strategy and policies (including our approach to climate change and integrating ESG) through the Audit Risk and Compliance Committee.

Work with GBCA on the piloting of the new Green Star Performance tool.



Participating in Green Star Performance revised tool early access program. In partnership with the GBCA, developing Australia's first Green Star Performance tool for Social Infrastructure assets in operation.

We use best practice reporting frameworks and guidelines to measure our ESG performance, including GRI, PRI, UNGC, the SDGs and alignment with TCFD. We also use independent rating tools and assessments for our assets and portfolios, including GRESB, Green Star, NABERS and WELL.



Accelerated



Progressed and on track



Progressed but behind schedule

Future targets

- Publish responsible and ethical investment framework by FY25
- Work across our technology and operational supply chain to increase cyber awareness, maturity and readiness by FY25
- Deliver a Sustainable Supply Chain Framework that addresses modern slavery, preferred materials, and circular economy principles by FY25
- Embed an ISO14001 certified Environmental Management System in place by FY25
- Complete full alignment with the TCFD Framework by FY25

Definitions



Environmental

Biodiversity

The Global Reporting Initiative (GRI) recommend that for each operational site we should seek to understand and report on any impacts that can adversely affect the integrity of a geographic area or region, either directly or indirectly. Changing an area’s ecological features, structures and functions over the long-term can affect habitat, population levels and the species that make the habitat important to the point where these elements cannot be sustained. Understanding this can allow organisations to protect, restore and where possible, create opportunities to reduce harm and improve natural environments. The Task Force on Nature-related Financial Disclosures will deliver a reporting framework by 2023 that is intended to complement the Taskforce on Climate-related Financial Disclosures framework to give companies such as ours a complete picture of their environmental risks.

Climate change adaptation

The physical impacts of climate change are increasingly confronting investors with unplanned changes or disruptions to businesses or assets. This has a range of implications: changes in climate and energy policies; a shift to low-carbon technologies; and potential changes in liability issues. Building the resilience of our business, properties and communities against the physical impacts of climate change is important. Additionally, preparing for changing regulations and markets in a low carbon economy should be front-of-mind because transitioning to a low-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk.

Energy efficiency and renewables

GRI recommend that organisations implement technological modifications that allow a defined process or task to be carried out using less energy. Energy efficiency initiatives may include process redesign, the conversion and retrofitting of equipment such as energy-efficient lighting, or the elimination of unnecessary energy use due to changes in behaviour. This should include a focus on existing building upgrades to current standards. In addition, it is recommended that organisations increase their use of renewable energy sources through a circular model.

Renewable energy sources are those capable of being replenished in a short time through ecological cycles or agricultural processes (wind, solar, hydro and biomass).

GHG emissions

We recognise that reducing greenhouse gases (GHG) across our operations and developments needs to consider Scope 1, Scope 2 and Scope 3 emissions.

- Scope 1 emissions: GHG emissions from sources that are owned or controlled by Charter Hall;
- Scope 2 emissions: GHG emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by Charter Hall; and
- Scope 3 emissions: indirect GHG emissions other than Scope 2 emissions that occur outside of Charter Hall, including both tenants’ emissions and emissions embodied in our buildings.

Waste management

Based on recommendations made by the GRI, we look to report a process flow of inputs, activities, and outputs that lead, or could lead, to significant waste-related impacts. Moreover, we report on the actions we are taking, including circularity measures, to prevent waste generation within our own activities, upstream and downstream in our value chain, and to manage significant impacts from waste generated. The goal is that monitoring and reporting of these will contribute to minimising waste and increasing recycling.

Water management

Increased water efficiency relates to the use of water that is socially equitable, environmentally sustainable, and economically beneficial. This is best achieved through a stakeholder-inclusive process that involves facility and catchment-based actions. The Sustainability Accounting Standards Board (SASB) standards outline that improved water management of assets can increase efficiency in operating costs, mitigate environmental impacts of operations, and allow organisations like ours to develop a reputation for resource conservation.

TRANSPARENCY & DISCLOSURE

Social

Community and social inclusion

Supporting and contributing to the strength of local communities across operations and promoting social inclusion of vulnerable groups is important. GRI define Community Development Programs as a plan that details actions to minimise, mitigate, or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community. The promotion of social inclusion of vulnerable groups, including First Nations peoples, young Australians and people with disability.

Customer engagement and satisfaction

We have an obligation to meet the business needs of our investor and tenant customers to ensure they have a deep sense of belonging and satisfaction in our assets. Our efforts to do this may incorporate customer privacy, including confidentiality and data protection, as well as customer health, safety and well-being.

Employee engagement and satisfaction

Creating a culture and working environment which enables employees to feel fulfilled in their roles, give their best and maintain a positive attitude towards the organisation. This extends to flexible workplaces, employee privacy (including confidentiality and data protection), employee health, safety and well-being. It also includes investing in the learning and development of employees to ensure that we retain a skilled and adaptable workforce.

Health, safety and well-being

The United Nation's SDG 'Good health and Well-being' aims to ensure healthy lives and to promote well-being for all at all ages. This duty of care extends across our operations to our employees (including our contractors), tenant customers, as well as the communities that use our spaces. GRI recommend that we should implement occupational health and safety management systems, have processes to identify work-related hazards and conduct health and safety training to workers. As well as physical well-being, we recognise that we need to prioritise mental health and well-being and ensure that our work environments are flexible and accommodating for all.

Diversity and inclusion

People have a right to feel welcomed, included and valued. We promote diversity and inclusion across numerous indicators, including gender, identity, sexual orientation, religion, disability, age, ethnicity and First Nations peoples. Diversity and inclusion also extend to equal opportunity across diversity indicators and anti-discrimination policies.

Governance

Innovation and technology

The United Nation's SDG 'Industry, Innovation and Infrastructure' seeks to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. We endorse this goal through our investment in, and adoption of, new technologies and innovations across our assets and in partnership with our customers. Additionally, we are looking at how we can increase our investment in research and design.

Business ethics and compliance

We pride ourselves on conducting our business activities in line with the highest ethical standards across ESG standards. We comply with all relevant regulations, such as the GRESB standard. We also report on any fines and breaches for the purpose of transparency and compliance.

Cyber security and data protection

Safeguarding data and networks from cyber threats and ensuring the confidentiality and security of personal information is a priority. SASB recommend that organisations should implement policies and practices related to user privacy, data security, consumer control and data security. Moreover, organisations should endorse the ethical use of data.

Responsible investment

We integrate ESG considerations into our investment decisions (due diligence, property management and day-to-day operations) to ensure sustainable growth and returns. We are a signatory to the Principles of Responsible Investment because it helps us understand the investment implications of ESG factors and more effectively incorporate these factors into our investment and ownership decisions.

Responsible and sustainable supply chain

We facilitate procurement practices and supply chain management in a responsible and sustainable way. This extends to the management and implementation of policies relating to human rights, sustainable procurement, modern slavery, anti-corruption and anti-bribery. Moreover, SASB recommend that companies adhere to regulations and provide disclosure on issues including insider trading, anti-trust, price fixing and market manipulation.

Infectious disease

We implement measures and support our customers, communities and people to work safely in buildings and to mitigate and reduce the spread and severity of infectious disease. Materially, this involves providing internal health services for our people such as an annual flu shot or compensation for external health services.

Economic

Sustainable growth and returns

We have a responsibility to ensure a fair return to providers of capital over the long-term through the responsible and sustainable management of business and assets and the use of flexible lease agreements. SASB recommend that companies provide services that satisfy the highest professional standards of the industry to ensure long-term, mutually beneficial relationships and returns for the company and investors.

Local economic contributions

We seek to ensure that our developments and operations support local economies, including First Nations peoples, particularly through job creation and local sourcing. GRI standards recommend that organisations report on the percentage of operations with implemented local community engagement and development programs.

Funds management portfolio

This report outlines the sustainability strategy and achievements for all Charter Hall entities, including the following funds and partnerships:

Listed entities

- 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)
- Charter Hall Direct Long WALE Fund (LWF) (Previously known as DCSF)

Wholesale Property Funds

- Charter Hall Prime Office Fund (CPOF)
- Charter Hall Prime Industrial Fund (CPIF)
- Charter Hall Prime Retail Fund (CPRF)

Partnerships

- Charter Hall Office Trust (CHOT)
- Charter Hall Counter Cyclical Trust (CCT)
- Charter Hall DVP Fund (DVP)¹
- 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)
- Charter Hall Long WALE Hardware Partnership (LWHP)
- Chifley Tower Trust (CTT)¹
- Charter Hall 201 Elizabeth Trust (201E)¹
- 1 Brisbane Trust (1BT)¹
- 242 Exhibition Trust (242Ex)
- Charter Hall PGGM Investment Partnerships (CHPIP)
- Charter Hall PGGM Investment Partnerships (CHPIP2)

1. DVP and it's interest in 201E, 1BT, CTT is committed to Net Zero by 2030. The decision to bring forward the target to Net Zero by 2025 is pending subject to investment committee approval. The Scope 1 emissions associated with DVP and it's equity share in 201E, 1BT and CTT is 46tCO2-e or 4% of Charter Hall Group Scope 1 emissions.

Assurance statement



To: the Directors of Charter Hall Limited

Independent assurance report on selected Sustainability Performance metrics presented in Charter Hall ESG Databook for the year ended 30 June 2022

Scope

In accordance with the terms of engagement letter dated 16 May 2022, we were engaged by the Charter Hall Limited to perform an independent limited assurance engagement in respect of selected sustainability performance metrics (the "Subject Matter") contained within the Charter Hall Group ("the Group") 2022 ESG Databook for the year ended 30 June 2022.

The Subject Matter included within the scope of our engagement comprised the performance metrics attached as an Appendix to this limited assurance report. The Subject Matter did not include any other data contained within the 2022 ESG Databook.

The Reporting Criteria against which we assessed the Subject Matter was prepared by the Group and is presented as the Basis of Preparation attached as an Appendix to this limited assurance report.

Management's responsibilities

Management of the Group is responsible for the Subject Matter and for the preparation of the Subject Matter in accordance with the Criteria.

Our Independence and Quality control

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

In accordance with 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* the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

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

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Australian Standard on Assurance Engagements (ASAE 3410) *Assurance Engagements on Greenhouse Gas Statements*. These standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter has not been prepared, in all material respects, in

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accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

- Undertaking enquiries with Management regarding the process and controls for capturing, collating and reporting the Subject Matter;
- Reconciling the Subject Matter with the Group's underlying records;
- Agreeing the underlying records back to supporting third party documentation on a sample basis;
- Undertaking analytical review procedures over data and obtaining explanations from management regarding unusual or unexpected amounts;
- Assessing the reasonableness of measurement methods, estimates and assumptions made in preparing the Subject Matter; and
- Reviewing the Group's Reporting Criteria to ensure that is appropriate for assurance and assessing the preparation and collation of the Subject Matter against the Criteria.

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 and 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.

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

Use of report

This report was prepared for the Directors of Charter Hall Limited. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Charter Hall Limited, or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations of any assurance engagement due to the selective testing of information examined, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter with the Criteria, as it is limited primarily to making enquiries of management and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.



Assurance statement



Conclusion

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria for the year ended 30 June 2022.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Tomac

John Tomac
Partner

Sydney
8 September 2022

Appendix: ESG Databook – Assurance Subject Matter and Basis of Preparation



ESG Databook – Assurance Subject Matter and Basis of Preparation

ESG Databook - Assurance Subject Matter for the 12 months ended 30 June 2022

Emissions

	12 months to 30 June 2022
Total Scope 1 greenhouse gas (GHG) emissions (tCO2-e)	11,157
Total Scope 2 location-based GHG emissions (tCO2-e)	87,230
Total Scope 2 market-based GHG emissions (tCO2-e)	26,047

Electricity

	12 months to 30 June 2022
Total electricity consumed - Percentage of Renewable (%)	74%
Total electricity generated - Onsite Solar and Cogeneration (kWh)	1,265,017

Gas

	12 months to 30 June 2022
Total gas consumed (GJ)	86,764

Energy Consumed

	12 months to 30 June 2022
Total energy consumed (GJ)	495,425

Water

	12 months to 30 June 2022
Total water consumed - Potable water consumption (kL)	983,158

Waste

	12 months to 30 June 2022
Landfill (t)	6,420
Waste to energy (t)	1,721
Recycling and re-use (t)	3,310
Recovery (t)	1,748
Total waste generated (excl. recovery)	11,452
% Diverted from landfill	29%

Assurance statement



ESG Databook – Assurance Subject Matter and Basis of Preparation

People

Occupational Health and Safety

	12 months to 30 June 2022
Employee Lost Time Injury Frequency Rate (LTIFR) - Employees	0
Employee Total Recordable Injury Frequency Rate (TRIFR) - Employees	3.1

Board composition by Gender

As at 30 June 2022	Number	Rate
Male	4	67%
Female	2	33%
Total	6	100%

Remuneration Ratio

As at 30 June 2022	Female	Male
Senior Management	0.78	1
Management	0.83	1
Senior Professional	0.96	1
Professional	0.92	1
Support	0.85	1

Workforce breakdown by Gender and Contract Type

As at 30 June 2022	Total	Male	Female	Prefer not to say
Permanent Full Time	556	263	291	2
Permanent Part Time	34	2	32	0
Fixed Term Full Time	21	7	14	0
Fixed Term Part Time	1	0	1	0
Total	612	272	338	2

Workforce breakdown by Gender and Region

As at 30 June 2022	Total	Male	Female	Prefer not to say
New South Wales	444	196	247	1
Queensland	45	22	23	0
South Australia	8	2	6	0
Victoria	79	37	41	1
Western Australia	36	15	21	0
Total	612	272	338	2



ESG Databook – Assurance Subject Matter and Basis of Preparation

Workforce breakdown by Age and Gender

As at 30 June 2022	Total	Male	Female	Prefer not to say
Under 30	118	46	72	0
30 - 50	418	179	237	2
50+ years	76	47	29	0
Total	612	272	338	2

Community

Donations breakdown by type

	12 months to 30 June 2022
Workplace giving (\$)	21,809
Corporate donations (\$)	244,925
Volunteering partnerships (\$)	57,314
Employment partnerships (\$)	360,000
Disaster relief (\$)	578,166
Administrative costs (\$)	23,244
Total (\$)	1,285,458



Assurance statement



ESG Databook – Assurance Subject Matter and Basis of Preparation

Basis of Preparation

1. General

This Basis of Preparation summarises the preparation and boundary of Charter Hall Group's (ASX: CHC) Environmental, Social and Governance (ESG) data presented in Charter Hall's ESG Databook and included within the Scope of PwC's limited assurance engagement for the financial year ended 30 June 2022.

Charter Hall's ESG Databook, is produced annually, and feeds into the preparation of Sustainability Report and other ESG reporting undertaken by the Group. The ESG Databook includes Asset specific data consolidated at a Fund and Group Level for entities.

2. Environment

Energy and emissions

Unless otherwise stated, the reporting boundary for energy and emissions data comprises those facilities that fall under the operational control of the responsible entities for which Charter Hall Limited is the controlling corporation. Energy and emissions data for Charter Hall corporate offices are excluded.

Data for other parties such as our tenants, suppliers and contractors are excluded, including development sites that are operated by principal contractors. Charter Hall Limited does not have operational control of single tenant offices, single tenant retail, Long WALE retail, industrial & logistics, convenience retail and childcare centres. Greenhouse gas emissions are reported in tonnes of CO2-equivalent, with the National Greenhouse Accounts Factors (NGAs) or IPCC (for refrigerants) used to derive the Scope 1, 2 & 3 greenhouse gas emissions.

Scope 1 emissions (tCO2-e)

Scope 1 greenhouse gas emissions are reported for: Natural gas combustion (including for on-site cogeneration and trigeneration systems); stationary diesel combustion; and fugitive emissions from refrigerants. Natural gas and diesel activity data is derived from meters or invoiced use where available at the time of this report. Where metered or invoiced data is not available, it has been estimated using the methods described in the section titled 'Estimated Data' below.

Fugitive emissions from refrigerants has been measured using default leakage rates as per the Intergovernmental Panel on Climate Change (IPCC). Only refrigerant types and volumes reportable under NGER Regulation 4.16(1)(a) to 4.16(1)(d) are included.

Energy content and emissions factors used are as per the NGER Measurement Determination.

Scope 2 emissions – location-based method (tCO2-e)

The location-based method reports electricity emissions in the context of its location and does not recognise renewable electricity emission reduction claims for off-site renewables (LGC).

Scope 2 location- based greenhouse gas emissions are reported for grid electricity), using the default emission factors NGA factors issued by the Australian Government in August 2021. Solar systems are operated by a third party through a PPA arrangement on a number of our retail shopping centres, the electricity supplied to our assets through this arrangement are treated as grid supplied as the LGC are not retired to or by Charter Hall at this time.

Scope 2 emissions – market-based method (tCO2-e)

Scope 2 – market-based emissions recognise reduced emissions associated with renewable electricity in electricity purchases. These have been calculated in accordance with Electricity Accounting guidance issued by Climate Active in April 2021.

Total electricity consumed (kWh)

Total electricity consumed for facilities under the Group's operational control, inclusive of:

- Grid electricity usage (kWh) per invoices or metre readings;
- On site solar generated and consumed;
- Retail PPA renewable consumed (treated as grid); and
- On-site generation from cogeneration or trigeneration.

Electricity data is derived from meters or invoiced use where available at the time of this report. Where metered or invoiced data is not available, it has been estimated using the methods described in the section titled 'Estimated Data' below.

The % renewables is calculated as the percentage of total electricity consumed from:

- On site solar generated and consumed;
- 'Compliance' renewable electricity (being the grid supplied electricity multiplied by the relevant Renewable Power Percentage of the grid issued by the Clean Energy Regulator);
- Jurisdictional renewable electricity supplied by the ACT government to all grid connected assets within ACT; and
- Procured renewable electricity either through GreenPower or surrendered LGC.

Total electricity generated – Onsite Solar and Cogeneration (kWh)

Total electricity- Onsite Solar and Cogeneration includes electricity generated from:



ESG Databook – Assurance Subject Matter and Basis of Preparation

- Electricity generated from cogeneration units located at 171 Collins St and 32 Turbot St which are under the operational control of Charter Hall Group. Note that the cogeneration unit at 990 LaTrobe St is operated by a third party and not under Charter Hall's operational control.
- Onsite solar generated where the solar provides to the base building. Onsite solar generated and consumed by tenant or operated by a separate entity as part of a PPA is not reported.

Total gas consumed (GJ)

Gas data is derived from meters or invoiced use where available at the time of this report. Where metered or invoiced data is not available, it has been estimated using the methods described in the section titled 'Estimated Data' below.

Water

Potable water consumption in kilolitres (KL) from Retail and Office assets under the Operational Control of Charter Hall Group. Water data is derived from meters or invoiced use where available at the time of this report. Where metered or invoiced data is not available, it has been estimated using the methods described in the section titled 'Estimated Data' below.

Waste

Charter Hall records and reports operational waste in tonnes (t) from assets under the Operational Control of Charter Hall Group where it is responsible for the procurement of waste services. It excludes waste collected directly from tenants by waste contractors. Retail waste data is based on actual weights provided by waste contractors or industry specific density factors.

Where possible, Office waste data is based on actual weights provided by waste contractors, followed by site specific density factors if available or finally NABERS density factors if required.

Contamination assessments are undertaken annually for the Office portfolio, and contamination rates applied to improve accuracy of reporting. Construction & Demolition waste is not included under operational waste. Waste is reported under the following categories:

- Total waste generated - the total waste generated by weight.
- Landfill - the total amount of waste disposed of at engineered landfill disposal facilities.
- Waste to energy - the total weight of waste that is incinerated with energy recovery.
- Recycling - the total weight of waste recycled into new materials including:
 - paper, cardboard, glass, plastic and coffee cups.
 - food donations and meat and bone reprocessing.
 - organic composting and anaerobic digestion
- Recovery - the total weight of cooking oil and trade waste recovered.
- % diversion from landfill - the total amount of waste diverted from landfill calculated by dividing the weight of recycled waste by the weight of the total waste generated (excluding recovery).

Estimated Data

Where actual data is found to be missing or is unavailable for an asset at any given time, Charter Hall will apply a range of different methodologies to calculate the most appropriate estimate.

Accruals

Accruals are system-generated estimates for missing consumption data in accounts which is calculated by Charter Hall's data analytics software, Envizi. The missing data generally represent gaps in the data set (e.g. missing invoices) or because the latest invoice is yet to be received at the time the ESG Databook has been prepared. Charter Hall utilises two different accrual methodologies:

- **Weighted Average accrual method:** The Weighted Average accrual method is a seasonally adjusted accrual method that fills in data gaps in accounts. It uses up to 4 months of relevant seasonal historical data (both actual and estimated) to derive an estimate for the missing period. For any given missing period, data from its immediate month before and immediate month after are given a weight of 3, and data from the same month last year and the same month before in last year are given a weight of 1. The accruals are calculated as the weighted average of these 4 months.

If actual data is not available in the relevant month, then both daily average and weight will be treated as 0 for the month. If the prior year's data is anomalous or irregular, the algorithm implements a tolerance threshold check to ensure last year's data is genuine to be used for estimation. If last year's data is not within the +/- 30% of the combined current year months' average, then last year's data will not be used in the accrual calculation. If none of the 4 months are available, then the algorithm will use the last available month (latest month that has actual data) to generate the Accruals.

The Weighted Average accrual method is applied to Natural Gas data.

- **12 Month Daily Consumption accrual method:** The principle of the 12 Month Daily Consumption accrual method is to generate the accruals based on data off of the last 12 months of data from the current month that the data is extracted. Accruals are generated based on the daily average value of this period, multiplied by the number of missing days in the month that require accrued data.

Envizi will determine gaps by looking at the total consumption and / or cost for the month and the number of days covered. A gap is found if there is no consumption / cost captured for the entire month or data captured does not cover the whole month.

In FY22, Charter Hall's accruals were derived from the 12 months of actual data that was available within the window of September 2021 - August 2022 as the latter month represented the date during which the final reporting amounts were extracted from our data analytics software, Envizi. This means that accruals included within amounts reported in the ESG Databook were derived from actual data that was available within the 10-month period within the financial year from September 2021 - June 2022.

The 12 Month Daily Consumption accrual method is applied to electricity (including onsite solar and cogeneration) and water data.

Estimations

In case there are no utility invoices for the site, but it is known that the usage is occurring, estimations of usage are required;



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ESG Databook – Assurance Subject Matter and Basis of Preparation

- For a new site if a NABERS Energy or Water rating is available the energy and water consumption is entered from the NABERS Energy or Water Report; or
- Where a NABERS Energy or Water rating is not available the sector weighted average intensity is applied.

3.Social

Occupational Health & Safety

Employee Incidents

Charter Hall records a count of the incidents involving employees which are categorised as follows:

- Fatality – a work-related injury/illness/disease that results in death
- Lost Time Injury (LTI) – a work-related injury/illness/disease that results in a fatality, permanent disability or lost time from work of at least one day/shift
- High Consequence Injury – a work-related injury/illness/disease that results in a fatality or in an injury/illness/disease from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months
- Medical Treatment Injury (MTI) – a work-related injury/illness/disease that requires the care of a medical practitioner beyond first aid treatment. This includes those resulting in restricted/suitable duties but no lost time
- First Aid Injury – a work-related injury that requires minimal treatment with possible subsequent observation.

Employee Total Recordable Injury Frequency Rate (TRIFR)

Total number of injuries in a given period relative to the hours worked. This include the following injuries:

- Total number of fatalities;
- Lost time injuries (LTI); and
- Medical treatment injuries (MTI)

The final number of recordable injuries relative to the hours worked is then calculated using the following formula:

((Number of fatalities + LTI + MTI) / Total hours worked) x 1,000,000

Employee Lost Time Injury Frequency Rate (LTIFR)

Total number of lost time injuries in a given period relative to the hours worked.
The final number of lost time injuries relative to the hours worked is then calculated using the following formula:

((Number of LTIs / Total hours worked) x 1,000,000)

Workforce breakdown

Remuneration Ratio

This metric is reported in terms of the ratio of average female fixed annual remuneration (FAR) in relation to average male FAR within each job band as at 30 June 2022. The different Charter Hall job bands are defined as follows:

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

Contingent workers, casual workers, and board members are not included in the data (only permanent and fixed term employees). The data also excludes employees who prefer not to disclose their gender to maintain confidentiality.

In FY22, Charter Hall adopted new job bands for reporting Remuneration by Job Band and Gender. Previously, Senior Management comprised only of Heads of Divisions and the Executive Committee was part of its own job band 'Executives'. Previous financial year values reported under the Remuneration Ratio metric were corrected with the new scope of Charter Hall job bands in the FY22 Sustainability Report.

Headcount by Contract type and Gender

This metric is reported in terms of the number of employees by gender within each contract type as at 30 June 2022. Contract type is defined as:

- Permanent full-time
- Permanent part-time
- Fixed Term full-time
- Fixed Term part-time

Contract type does not include contingent workers, casual workers, and board members.

Headcount by Region and Gender

This metric is reported in terms of the number of employees by gender within each region as at 30 June 2022. Region is defined by each state in which Charter Hall operates:

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ESG Databook – Assurance Subject Matter and Basis of Preparation

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

Contingent workers, casual workers, and board members are not included in the data (only permanent and fixed term employees).

Headcount by Age and Gender

This metric is reported in terms of the number of employees by gender within each age group as at 30 June 2022. Age groups are defined as:

- Under 30 years of age
- 30-50 years of age
- 50+ years of age
- Unknown

Donations

Total dollar amount donated by Charter Hall Group for the 12 months to 30 June 2022. Donations are managed by the Community Investment Working Group and are split across a number of donation types, specifically:

- Disaster relief – Donations to disaster relief organisations to support immediate and long-term recovery from natural disasters.
- Volunteering donations - Financial contribution to volunteering organisations to provide employees with volunteering opportunities
- Corporate donations- Community donations to charities, community organisations and social enterprises.
- Workplace giving matching - Total matched donations made by Charter Hall through the workplace giving program; and
- Employment partnerships - Partnerships with employment focused social enterprises.

Contact

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Charter Hall also has offices in Melbourne, Brisbane, Perth, Adelaide and retail centres nationally.

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Report authorised by the Board.

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, including industry or general publications. Neither Charter Hall Group nor its representatives have independently verified any such market or industry data provided 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”, “believe”, “expect”, “project”, “opinion”, “predict”, “outlook”, “guidance”, “intend”, “should”, “could”, “may”, “target”, “plan”, “project”, “consider”, “forecast”, “aim”, “will” and similar expressions are intended to identify such forward-looking statements. You are cautioned not to place undue reliance on 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.