

Charter Hall Group
Sustainability
Report
2021



Sustainability Report 2021

About this report

In our 30th year as a business, we welcome you to our tenth annual Sustainability Report (the Report). This report relates to the business activities of our managed property funds and assets for the financial year ending 30 June 2021 (FY21).

The environmental data in this report relates specifically to assets and activities within our direct operational control as Charter Hall Group, unless stated otherwise. It doesn't include data for other parties such as our tenants, suppliers and contractors.

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

We commissioned Deloitte Australia to provide assurance for this report (see page 43) across a range of non-financial performance metrics, including environmental and social.

The assurance is limited to the environmental performance of the assets under our operational control. As we transition to a low carbon economy, we recognise our influence on our tenants environmental performance, and are actively partnering with them to reduce emissions. We are actively working to establish a Scope 3 emissions target through FY22.

Thank you for 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 via details on page 44.

1 Shelley Street,
Sydney NSW
5.5 Star
NABERS Energy
6.0 Star
NABERS Water

Acknowledgment of Country

Charter Hall is proud to work with our customers and communities to invest in, develop, and create property assets on land across Australia. We pay our respects to the traditional owners, their elders past and present and value their care and custodianship of these lands.

Contents

Introduction	
Alignment with sustainability best practice and reporting frameworks	3
Managing Director & Group CEO message	4
About Charter Hall	5
Property portfolio	6
FY21 highlights	7
Progress against targets	
8	
Sustainability overview	
Integrating sustainability into decision making	16
Sustainability framework	17
Key sustainability issues in FY20/21	18
Governance	
20	
Economic	
25	
Environment	
28	
Social	
32	
Non financial data	
38	
Environmental data	39
Asset ratings and certifications	40
Social data	41
Contact us	
44	

Cover, left:
Wesley Place, Melbourne Vic;
Image Credit: City of Melbourne
– Melbourne Knowledge Week 2021.

Cover, clockwise from top right:
NAIDOC Week 2021, South Hedland Square, South Hedland WA;
Urban Green vertical farm
– 1 Shelley Street, Sydney NSW;
Charli launch – The Argus Centre, 300 La Trobe Street, Melbourne Vic;
Gateway Plaza, Leopold Vic.

Alignment with sustainability best practice and reporting frameworks

In this, our tenth year of sustainability reporting, we are aiming to make our sustainability performance and associated data more accessible.

This page provides links to key sources of information on performance data (our Databook), financial data (our Annual Report), alignment with key reporting frameworks (TCFD, UNGC COP and SDGs), as well as our Modern Slavery Statement. Active links are also provided throughout this report for ease of navigation between documents and to find more detailed information.

For any information beyond this, please contact us via details on [page 44](#).



Financial Performance Annual Report 2021

The ongoing COVID-19 pandemic continued to challenge global economies, businesses and societies this year. Our 2021 Annual Reports for Charter Hall Group (CHC), Long WALE REIT (CLW), Retail REIT (CQR) and Social Infrastructure REIT (CQE) showcases that, despite this, our strong and adaptable strategy, clear purpose and the trust and partnerships we have built with our people, customers and communities, have enabled us to deliver a record performance.

[View here >](#)

Sustainability Report 2021

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

Non Financial Performance Databook 2021

This year we extracted key trend data to provide an overview of our performance against key metrics in this Sustainability Report, and consolidated our sustainability performance data into a comprehensive Databook.

[View here >](#)

Charter Hall's approach to:



Task Force on Climate-Related Financial Disclosures (TCFD)

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

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

[View here >](#)



UN Global Compact (UNGC) Communication on Progress (COP) 2021

The UNGC is a global movement of companies and stakeholders aiming to create a more sustainable world. To achieve this, the 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 are proud to have been a signatory to the UN Global Compact since 2019. This year, we continued our commitment to the UNGC principles and documented how we're making progress on these principles.

[View here >](#)

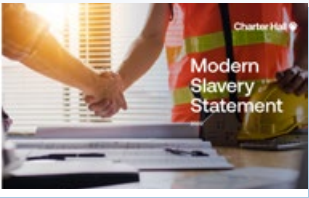


Alignment to the UN Sustainable Development Goals (SDGs) 2021

The SDGs are a blueprint to achieve a better and more sustainable future by 2030. These goals address global challenges, including poverty, inequality, climate change, environmental degradation, peace and justice. They are part of a UN Resolution called 'The 2030 Agenda'. Australia was one of 193 countries that adopted this Agenda in September 2015.

Achieving these goals will require a 'whole of Australia' effort. While the government has a role to play, so do the various business and industry sectors in Australia, including the property sector. We have documented how we align our sustainability goals, responses and targets to the SDGs.

[View here >](#)



Modern Slavery Statement

Our inaugural FY20 Modern Slavery Statement outlined the approach our business has taken to understand, identify, manage and mitigate the risks of modern slavery in our operations and supply chain. Our FY21 Modern Slavery Statement is underway and will be available on our website by 31 December 2021.

[View here >](#)

Managing Director & Group CEO message



“For 30 years, Charter Hall has committed to achieving better futures for all our partners and the communities in which we operate. We’re accelerating our approach to addressing climate change and firmly believe that our partnerships will continue to unlock environmental and social value, alongside financial returns.

David Harrison
Managing Director
& Group CEO

We continue to work with our people, customers, investors and communities to generate opportunities that create mutual success.

Our ongoing commitment to better futures for the people and businesses with whom we work and partner was strongly evident in financial year 2021 (FY21). It shone through in a record financial result, as we simultaneously pursued and achieved environmental, social and governance (ESG) outcomes right across our diversified business model, despite ongoing challenges and economic setbacks due to the COVID-19 pandemic.

Performance in the face of unprecedented challenges

As we celebrated an important milestone this year – 30 years since the founding of Charter Hall and our 16th year as a publicly listed Group – it has been an opportunity to reflect on our journey, including the successes, partnerships and growth, as well as the challenges that we have faced. The global pandemic continued to present unprecedented challenges and we responded with financial assistance for communities and support for our people. The turbulence has persisted into the current year and, like most businesses, we continue to navigate the ongoing social and economic upheaval. In line with our philosophy of resilience, which is at the foundation of everything we do, we have been investing in support for our tenant customers, investors and our people, while ramping up our contribution to initiatives that improve resilience and recovery in the wider community.

For example, we have partnered with our tenant customers to provide rent relief, develop hygiene initiatives in our assets and development sites, increase digital engagement and offer support with returning to their workplace. We’ve supported our people with care packages and well-being initiatives, including mindfulness, mental health awareness and enabling connections despite being apart. We’ve continued to focus on being a responsible investment partner and deliver sustainable growth for our business.

And we’ve been there for our communities, through our partnerships with charitable organisations across Australia, our initiatives in bushfire-ravaged communities and providing a sizeable donation to support COVID-19 crisis appeals locally and overseas. In total, we contributed \$2.54 million in direct donations and in kind space to support our communities. Our people, despite working remotely for part of the year, contributed more than 1,200 volunteering hours in the community.

Looking ahead to FY22, our efforts will be focused on invigorating our response to climate change and working with our partners to lead in creating environmental and social value in the property sector.

Meaningful action on climate change

Each year we go further in our commitment to our ESG objectives. The most recent report by the Intergovernmental Panel on Climate Change (IPCC) has brought into sharp focus the importance of environmental stewardship and how delivering on our climate initiatives has never been more important.

We are acutely aware of the global impacts that the property sector and the built environment produces in relation to greenhouse gas emissions, biodiversity, resource usage and especially action on climate change. We’ve made significant efforts in recent years to understand how as a business we can take meaningful action against climate change. We have proactively implemented plans across our platform to contribute towards a low carbon economy.

Pleasingly, we’ve made significant progress towards achieving our Net Zero by 2030 target, even accelerating that timeline where possible. Our Industrial & Logistics portfolio has committed to Net Zero by 2022 and our Retail portfolio by 2025. During FY21, we added another 20MW of onsite solar generation to our assets, backing clean energy outcomes for our direct operations and supporting tenants with clean energy solutions. We focused on better understanding upfront carbon emissions, partnering with our supply chain to achieve Climate Active certification for carbon neutral construction services at 140 Lonsdale Street, Melbourne. We are also enabling a net zero in operations development at 60 King William Street, Adelaide which will be all electric and powered by renewables at practical completion.

Since 2017, we have reduced our emissions intensity by 19%, despite a 43% increase in floor area over the same time period. This demonstrates putting plans into action as we execute our approach to strategic growth linked to sustainable returns. We continue to focus on reducing our Scope 1 and 2 emissions and remain committed to scaling up our use of renewables, whilst maintaining our approach to certifying properties with recognised sustainability rating tools. There is much more we can do as a business and industry – the IPCC report is a stark reminder of this. We continue to assess opportunities to make further progress through our operations and our industry and customer partnerships.

A responsible approach is good business

Robust governance and environmental responsibility underpin our values and business model. By building portfolios that address the challenges and opportunities of changing climate and providing healthier and more resilient places, we are aligning our objectives to the needs of our customers. This in turn enables us to continue to attract and retain the best customers.

We have actively aligned our climate resilience roadmap to the recommendations of the Task Force on Climate-Related Financial Disclosures to ensure meaningful steps from Board level to meet our objectives. We have also begun proactively working with contractors and suppliers to reduce impacts across our supply chain and engaged with our tenant customers to find solutions to mitigate their energy-related emissions. Currently, 54% of the 41MW of solar installed on our assets is supplied directly to our tenants.

The importance of partnership

The rise of sustainable finance and responsible investing, as well as societal expectations to better respond to issues such as urbanisation, inequality, and social isolation, are just some of the socio-economic challenges that require significant attention and well-considered solutions from the whole corporate community.

In fact, these mega-issues cannot be resolved by any single entity and require partnership, collaboration and a market-wide response.

It is in our DNA to partner with our tenant customers and investors to achieve better futures for all. This gives us an advantage as we look to amplify and broaden our response and find better solutions. We focus on developing solutions that are informed and strategic rather than reactionary and tactical, and created in partnership to ensure maximum societal benefit can be achieved. We believe continued investment and innovation will drive the next generation of sustainable real estate and create inclusive and more resilient places, today and for tomorrow.

As businesses around the country continue to plan their return to workplaces, supporting healthier assets is critical. We worked with the International WELL Building Institute to baseline human health and wellness, with a focus on measuring and improving the indoor environment in our workplace assets for our tenant customers. In FY21, we became one of the first groups globally to achieve a WELL Portfolio Score across 996,294sqm of real estate. Further, as a signatory to the United Nations Global Compact, we continue to embed its principles in our strategy and culture. We also aligned our sustainability initiatives with the UN Sustainable Development Goals.

We are continuously looking at ways to further embed ESG into our partnership approach. To that end, we recognise the need to be more proactive in engaging on sustainability issues and solutions. We have stepped up our stakeholder engagement to better capture a wide range of views, to gain a deeper appreciation of their challenges and opportunities, and to improve our responsiveness where it falls short. This is key to our mission of adding value to the market, which in turn adds value to our business.

Inputs welcome

As part of this process of improvement, I would like to extend to you and invitation to provide feedback on our reporting of our ESG performance, as contained within this report. Please use this link to take a [short survey](#). Your input is very much appreciated as we undertake an extensive review of our materiality, targets and sustainability strategy in the year ahead in response to the IPCC findings and other key inputs.

Thank you for your interest in Charter Hall.

David Harrison
Managing Director & Group CEO

About Charter Hall

Charter Hall Group (ASX:CHC) is one of Australia’s leading integrated property groups. Our diversified property and funds management platform extends across the Office, Industrial & Logistics, Retail and Social Infrastructure sectors. Through active partnership, we drive value and mutual success for our customers.

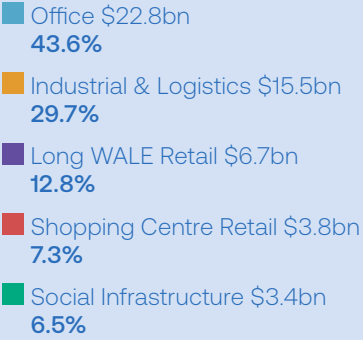
We believe the right places inspire people, solve challenges, and foster community and inclusion, growing cities and prosperity now and in the years ahead. Sustainability is how we deliver on our purpose, to secure better futures for all.

Our values drive us, and understanding our strengths and weaknesses, as well as listening to our stakeholders, focus us to where we can have the greatest impact and influence. Sustainability is integrated into how we think and work. It’s the forward-focused lens we use to assess, manage and achieve our goals. It’s also part of how we work in partnership with our customers, to create long-term risk adjusted returns for investors and healthier places for people and our planet. Our focus on delivering sustainable growth and returns and responsibly managing third party capital enables us to respond to the needs of customers through integrating sustainable outcomes into our core capabilities.

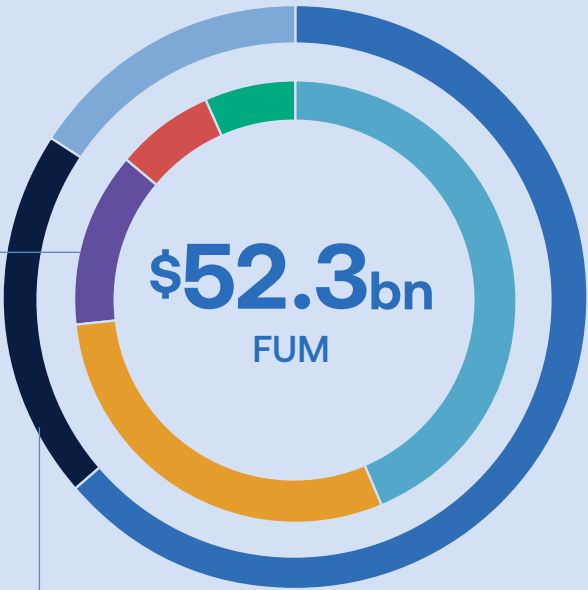
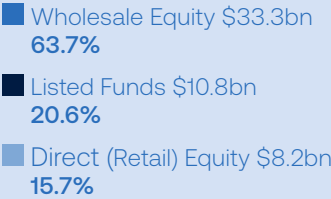
Funds under management

Our FUM grew 29% from previous year

FUM by sector



FUM by equity source



20+ active funds & partnerships
\$7.2bn market capitalisation

ASX 100 listed company

Scale

We focus on quality investments in core sectors, creating an Australian funds management business of scale by global standards

1,388 properties

\$10.1bn transactional activity

9.0m sqm of lettable area across the Group

ESG integrated into investment decisions

Purpose

Our commitment to mutual success underpins all our goals



We create better futures by driving value and mutual success

Strategy

Our ESG strategy aligns with our approach to creating long-term sustainable growth and returns. This supports Charter Hall to:

- Access**
Accessing equity from listed, wholesale and retail investors
- Deploy**
Creating value through attractive investment opportunities
- Manage**
Managing our funds, assets and leasing and development services
- Invest**
Investing alongside our capital partners

Values

Our culture is based on mutual reward and nurturing relationships with our customers. We understand that, like our customers, ESG is key to our people and approach to creating:

- Active Partnership**
- Genuine Insight**
- Inventive Spirit**
- Powered by Drive**

Capabilities

We use our cross sector capability and integrated platform to drive an ESG competitive differentiation, supporting our customers needs. This approach supports us in:

- Investment management**
Accessing equity to secure properties to generate returns
- Asset management**
Driving performance and creating outstanding spaces for customers
- Property management**
Day-to-day management of properties
- Property leasing**
Securing long-term leasing by delivering solutions to customers needs
- Property development**
Delivering innovative developments that focus on sustainability and adding value
- Portfolio integration**
Providing integrated property portfolios for customers

Stakeholders

Active partnership governs our relationships with our tenant and investor customers, communities and employees

45,000+ customers

>890 communities nationally

560+ employees
5 workplaces nationally

Property portfolio



5.0 Star NABERS Energy weighted average rating for Office portfolio. 78% of Office sector funds under management (FUM) with a rating.



4.6 Star NABERS Energy weighted average rating for Retail portfolio. 59% of Retail sector FUM with a rating.



4 Star Green Star Performance Rating for Office portfolio. 60% of Office sector FUM with a rating.



2 Star Green Star Performance Rating for Retail portfolio. 97% of Retail sector FUM with a rating.



2 Star Green Star Performance Rating for Industrial & Logistics portfolio. 50% of Industrial & Logistics sector FUM with a rating.

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 planet.

Charter Hall has a demonstrated track record in using independent rating tools to benchmark and measure operational performance of its property portfolios. As a member of the Property Council of Australia and the Green Building Council of Australia, we actively participate in establishing and piloting rating standards for sectors like Industrial & Logistics.

WA

Portfolio value:

\$4.2bn

of which 29% is in the following weighted average rating:

5.0 Star NABERS Energy Office

3.8 star NABERS Energy Retail

SA

Portfolio value:

\$2.4bn

of which 38% is in the following weighted average rating:

5.4 Star NABERS Energy Office

5.2 Star NABERS Energy Retail

Qld

Portfolio value:

\$8.5bn

of which 38% is in the following weighted average rating:

4.8 Star NABERS Energy Office

5.0 star NABERS Energy Retail

Vic

Portfolio value:

\$12.9bn

of which 34% is in the following weighted average rating:

5.0 Star NABERS Energy Office

4.9 Star NABERS Energy Retail

NSW & ACT

Portfolio value:

\$22.7bn

of which 53% is in the following weighted average rating:

5.0 Star NABERS Energy Office

4.5 Star NABERS Energy Retail

Tas

Portfolio value:

\$0.6bn

of which 20% is in the following weighted average rating:

3.2 Star NABERS Energy Office

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)
- 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)

For more information on our fund portfolio please visit:

charterhall.com.au/investments/funds

FY21 Highlights

Throughout the year, we worked in partnership to deliver key outcomes relating to our environmental, social and governance goals. Each of these are discussed in more detail throughout the report.

Environment

Charter Hall will be powered by

100% renewables by 2025

Industrial & Logistics: achieved in FY21
Office: from July 2021
Retail: will be achieved in FY25

2030 Net Zero target for Scope 1 and 2 emissions

19% emission intensity reduction since FY17 in which time floor area increased by 43%

41MW solar PV installed

a 20MW increase since last year

\$100m in sustainable debt finance

#1 largest Green Star performance footprint in Australia

6 star Green Star ratings targeted on all new CBD Office developments

2020 PRI Leaders Group recognition for climate disclosure

Social

Employer of Choice for Gender Equality

>900k sqm WELL portfolio rated Office space

PLEDGE 1% **\$1.8m** space provided in kind for community organisations

\$739k spent with community partnerships though social enterprises and charitable organisations

#2 in Property, Construction & Transport category

Reconciliation Action Plan
Stage One Reflect RAP conditionally endorsed by Reconciliation Australia

1.7m sqm of Office space uses social procurement through Two Good partnership

90% engagement score from our employees

Established state-based community partners

KICK START est. 2014

white box ENTERPRISES

green collect

DISMANTLE

Governance

G R E S B

21 funds completed GRESB assessment

CPIF was awarded **Industrial Global Development Sector Leader**

Modern Slavery

piloted PCA's supplier pre-qualification with our top 100 suppliers, with a further 100 suppliers to be added year on year

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD alignment underway with ESG Committee driving platform-wide alignment and integration



Progress against targets





We monitor and disclose our progress against our sustainability targets. We've summarised our FY21 performance and detailed agreed targets for FY22 and beyond in the following tables.

In light of the IPCC Sixth Assessment Report and our own materiality review, we intend to undertake a thorough review of our key sustainability targets and approach. Results from this review and any updates to our approach will be shared in our FY22 Sustainability Report.

Environment

Targets

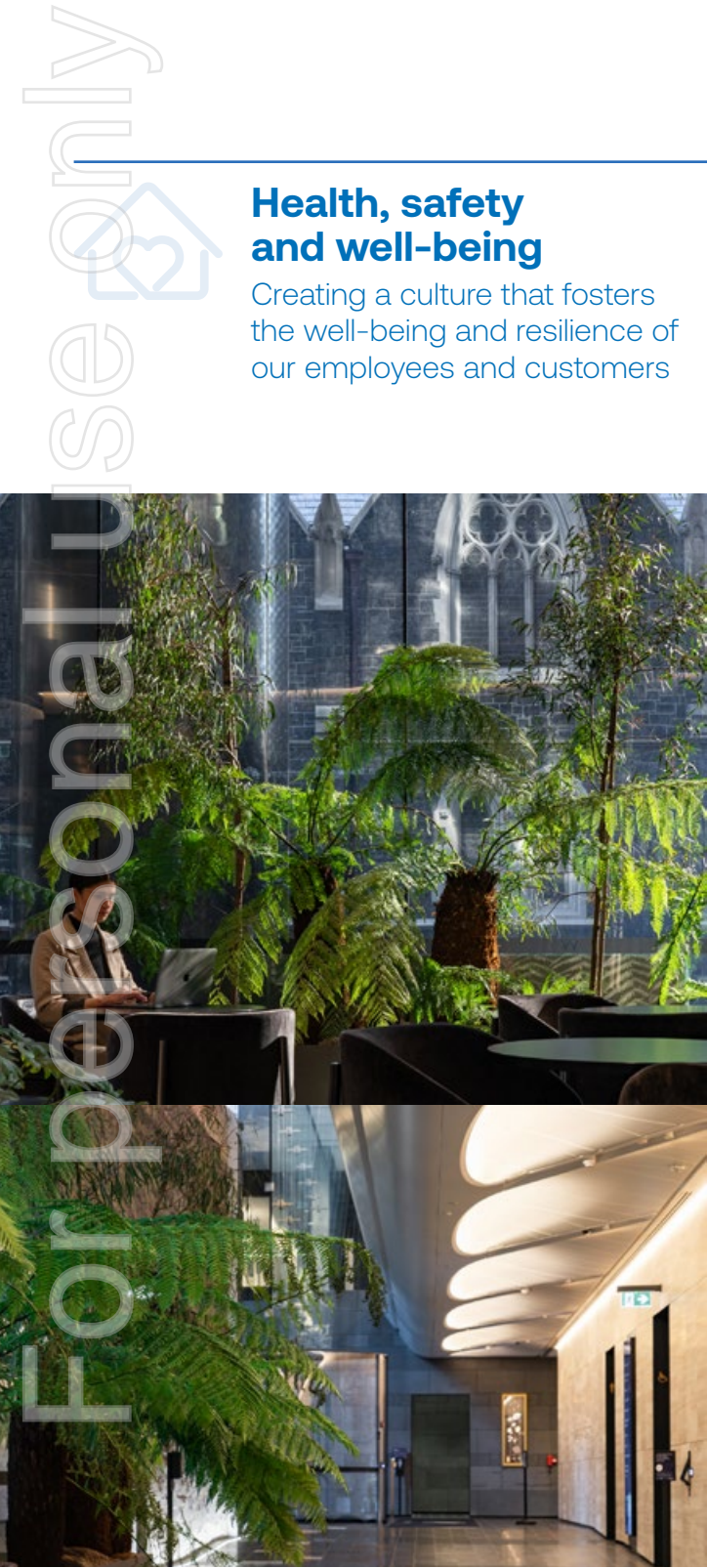
	FY21 achievements		FY22	Looking further ahead
<div><div>Carbon and climate change</div><div>Building resilience for our business, properties and communities</div></div>	<div><div>We became a signatory to the WGBC Net Zero Carbon Commitment</div><div>This initiative aligns with our target of Net Zero for Scope 1 and 2 emissions by 2030.</div></div>	<div><div>We achieved a 19% reduction in our carbon emission intensity (Scope 1 and 2) since FY17, despite a 43% increase in area over that time and an 8.7% reduction against last year.</div></div>	<div><div>Develop a roadmap to transition away from fossil fuels and align with asset Capital Expenditure (CAPEX) and Operational Expenditure (OPEX) budgets over lifecycle.</div></div>	<div><div>100% reduction in Scope 1 and 2 emissions by FY30.</div><div>Embed decarbonisation strategies within strategic asset plans by FY25 or earlier.</div></div>
	<div><div>We are partnering with tenants to understand downstream Scope 3 emissions and support operational efficiency:</div><div><div><div>– Installation of solar for on-site usage;</div><div>– Roll out of energy efficiency initiatives such as LED lighting and installation of skylights in Industrial & Logistics portfolio;</div></div><div><div>– Providing off-site renewables to Office tenants that are on embedded networks, passing on environmental benefit in the process; and</div><div>– Benchmarking energy performance of tenancies using the NABERS Co-Assess tool in the Office sector.</div></div></div></div>		<div><div>Continue solar roll out across the Industrial & Logistics sector. Commence roll out in the Social Infrastructure sector - see Energy efficiency and renewables on page 30.</div><div>As we partner on reducing Scope 3 emissions, we will report around tenant engagement on energy efficiency and emission reduction - see Energy efficiency and renewables on page 30.</div></div>	<div><div>Develop a Scope 3 emissions target aligned to science-based target methodology during FY23 - see Energy efficiency and renewables on page 30.</div></div>
	<div><div>We commenced piloting Net Zero office developments to address upfront Scope 3 and operational emissions.</div><div><div>60 King William St, Adelaide</div><div>was designed to be highly energy efficient with a 5 Star NABERS Energy rating, fossil fuel free through an all-electric mechanical central plant, climate friendly refrigerants and powered by renewables.</div></div></div>	<div><div>Climate Active Certified</div><div>construction services provided at 140 Lonsdale Street, Melbourne. Construction emissions were offset by Australian Carbon Credit Units (ACCU) created at the Colodon Native Forest Project.</div></div>	<div><div>Develop guidelines for Net Zero Office developments - see Energy efficiency and renewables on page 30.</div></div>	<div><div>Net Zero upfront carbon emissions (embodied carbon and construction) achieved for all new Office and Retail site developments by FY30.</div></div>
	<div><div>Achieved internal agreement to pursue local nature-based carbon offsets with social co-benefits.</div></div>		<div><div>Implement a local nature-based offset strategy for residual emissions to achieve our Net Zero goals and enhance outcomes as we transition away from fossil fuels.</div></div>	<div><div>Residual operational and construction emissions offset in line with local nature based offset strategy by FY30.</div></div>
<div><div>Resilience and adaptation</div><div>Understanding and responding to the physical and transitional risks of a changing climate</div></div>	<div><div>We commenced Climate Change and Adaptation Plans (CCAP) for our Industrial & Logistics portfolio (now 70% complete by floor area) based on RCP8.5 as a worst case scenario.</div></div>		<div><div>Roll out CCAP for remaining Industrial & Logistics, Office and Retail sectors and incorporate CCAP into decision making processes including on-boarding new assets - see Climate change adaptation on page 29.</div></div>	<div><div>Embed in decision making and track decarbonisation and adaptation planning in Strategic Asset Plans by FY25 - see Climate change adaptation on page 29.</div></div>

		Targets	
	FY21 achievements	FY22	Looking further ahead
<div><h3>Energy efficiency</h3><p>Increasing energy efficiency to deliver environmental and financial value for operations and developments</p></div>	<div><p>We met our FY25 NABERS Energy Office target early by achieving</p><p>5.0 Star NABERS Energy</p><p>weighted average rating for Office sector.</p></div> <div><p>We exceeded our FY25 NABERS Energy Retail target by achieving</p><p>4.6 Star NABERS Energy</p><p>weighted average Retail sector >15,000sqm.</p></div>	<div><p>Establish new NABERS targets at both portfolio and asset levels by FY22 - see Energy efficiency and renewables on page 30.</p><p>Expand our coverage of NABERS ratings to Retail sites <15,000sqm - see Energy efficiency and renewables on page 30.</p></div>	<div><p>Achieve new NABERS targets by FY25.</p></div>
<div><h3>Clean energy</h3><p>Investing in onsite and offsite renewables and leveraging the scale of our national platform</p></div>	<div><p>We completed our renewable energy strategy ahead of target.</p><p>To date 41 MW Solar PV</p><p>installed across the portfolio with the potential to generate 58.9GWh of electricity (equivalent to powering 8,305 homes).</p></div> <div><p>We procured</p><p>100% offsite renewable</p><p>electricity for our Industrial & Logistics portfolio.</p></div>	<div><p>100% of grid supplied Office electricity to be sourced from offsite renewable electricity.</p></div>	<div><p>Retail electricity to be sourced from onsite and offsite renewable electricity from FY25.</p></div>
<div><h3>Waste</h3><p>Minimising the generation of waste in our operations</p></div>	<div><p>We implemented waste management plans at all sites where we manage waste.</p><p>31% of waste diverted from landfill from Office sector in operations.</p><p>40% of waste diverted from landfill from Retail sector operations, inclusive of recovery rates for cooking oil and grease traps.</p></div> <div><p>We increased our organics waste stream to include</p><p>over 60% of our Office assets, and piloted Anaerobic digestion systems at select Retail sites.</p><p>We improved waste data integrity through alignment with the Better Buildings Partnership.</p></div>	<div><p>Deliver a waste strategy aligned to circular economy principles, with the long-term aim of eliminating waste to landfill.</p></div>	<div><p>Achieve 4.5 Star NABERS Waste portfolio weighted average for the Office portfolio by FY25.</p><p>75% waste diversion from landfill in operational assets by FY30.</p></div>
<div><h3>Water</h3><p>Increasing water efficiency across our operations</p></div>	<div><p>We exceeded our FY25 NABERS Water target early by achieving:</p><p>4.0 Star NABERS Water</p><p>weighted average rating for Retail sector >15,000sqm.</p></div> <div><p>4.6 Star NABERS Water</p><p>weighted average rating for Office Sector.</p></div>	<div><p>Establish new NABERS targets at portfolio and asset level by FY22 - see Energy efficiency and renewables on page 30.</p></div>	<div><p>Prepare a water strategy to address future climate scenarios by FY25.</p></div>

Social

		Targets		
	FY21 achievements	FY22	Looking further ahead	
<div><div><div>Social value</div><div>Through partnership, deliver positive impacts for the communities in which we operate</div></div></div>	<div><div>We continued to lead with purpose in our quest to lift the future of communities through our ongoing participation in the Pledge 1% initiative, donating 1% of profits¹, 1% of place and 1% of people's time (volunteer hours):</div><div><div>We provided >41,000sqm of space, valued at over \$1.8 million, to community groups.</div></div></div>	<div><div>We donated \$739,000 to social enterprises and charitable organisations.</div><div><div>35% of our employees volunteered a total of 1,200 hours in the communities, in a year impacted by COVID-19 restrictions.</div></div></div>	<div><div>Continue to contribute 1% of our profits, spaces and people's time to community partners each year to help them achieve positive social impacts - see Community and social inclusion on page 33.</div><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><div>Pledge 1% targets by FY25:</div><div>People: 6,000 hours volunteered in the community.</div><div>Place: up to 1% of underutilised space provided to community.</div><div>Profits: up to 1% donated to community partners to achieve positive social outcomes.</div></div>
<div><div><div>Employment opportunities</div><div>Building better futures for vulnerable young Australians through meaningful employment</div></div></div>	<div><div>We established state-based partnerships with four social enterprises to support employment for vulnerable youth. These partnerships will enable over 100 employment opportunities per year.</div><div><div>We supported 11 youths to receive employment training at Kick Start cafes in NSW.</div></div></div>	<div><div>Our support saw >4,500 training hours worked through Kick Start cafes.</div><div>Since our partnership began, 12 trainees have graduated from the program. This partnership has supported the establishment of our FY22 goal relating to employment opportunities.</div></div>	<div><div>Deliver 100 meaningful employment outcomes for vulnerable youth (and others in need) - see Community and social inclusion on page 33.</div><div>Continue to support disadvantaged youth by creating 400 meaningful youth employment outcomes by FY25. Those opportunities will increase to 1,200 youth employment outcomes by 2030 - see Community and social inclusion on page 33.</div></div>	
<div><div><div>First Nations engagement</div><div>Promoting reconciliation and mutually beneficial relationships with our indigenous stakeholders</div></div></div>	<div><div>Our inaugural Reconciliation Action Plan (RAP) has been conditionally approved by Reconciliation Australia and will be launched in early FY22.</div><div>We partnered with indigenous author Maree Yoelu (McCarthy) and local schools across our Retail communities to create a children's storybook, 'Dancing for Country', in celebration of NAIDOC Week.</div></div>	<div><div>We celebrated First Nations history and cultures with art activations across a range of our Retail and Office assets including No.1 Martin Place, NSW; 130 Lonsdale Street, Vic; Raine Square, WA; and GPO Exchange, SA.</div><div>We partnered with local WA indigenous group Blak Lash, to design a digital Acknowledgment of Country for lift screens at our Office properties.</div><div>We included smoking ceremonies and Welcome to Country for each new Office development.</div></div>	<div><div>Launch our RAP in early FY22. We will then focus on bringing our RAP to life by engaging with our employees, raising cultural awareness and supporting indigenous businesses and employment.</div><div>Acknowledge Traditional Owners at 100% of Charter Hall operational assets.</div><div>100% of employees and xx% of suppliers receive cultural awareness training by FY23.</div></div>	

1. 1% of profits related to Property Funds Management.



Woodlands by Wesley Place, 130 Lonsdale Street, Melbourne Vic.

Targets

FY21 achievements		FY22	Looking further ahead
We were recognised by the International WELL Building Institute (IWBI) as being part of a small group of global leaders in the adoption of the WELL Portfolio Rating measuring and advancing human health and wellness in buildings.	WELL Portfolio, achieving a rating across more than 900,000sqm of office space, benefiting >38,000 of our tenant customers.	Increase coverage of the WELL Portfolio rating to 1,200,000sqm, representing more than 68% of the current Office footprint - see Health, safety and well-being on page 35 .	Increase coverage of the WELL portfolio rating to all of the Office portfolio by FY25
We received Gold WELL Certification for GPO Exchange, Adelaide SA.	We are targeting Platinum WELL Certification at 130 Lonsdale St, Melbourne Vic.		Achieve WELL Building accreditation for all new Office developments by FY25 - see Health, safety and well-being on page 35 .
We achieved our FY25 target of WELL Portfolio accreditation for all Charter Hall workplaces.		Maintain WELL Portfolio accreditation and partner to align with the Health Safety Standard of the rating tool.	Maintain WELL Portfolio accreditation with two additional workplaces to achieve at least sliver accreditation by FY25.
We achieved a 4.4 Star NABERS Indoor Environment weighted average rating for the Office portfolio.			Achieve 5 Star NABERS Indoor Environment weighted average for the Office portfolio by FY25.
We cared for our customers through COVID-19 with rent relief, hygiene initiatives, adaptation of digital engagement and support with returning to workplace.		Partner with our customers to achieve a smooth transition back to the workplace - see Customer engagement and satisfaction on page 34 .	
We recorded a lost time injury and lost time injury frequency rate of Zero	and a total recordable injury frequency rate of 1.11	Implement a new incident management system and train employees to position Charter Hall to efficiently react, understand and respond - see Health, safety and well-being on page 35 .	Workplace health and safety framework embedded in the business by FY25.
In response to the roll out of our well-being strategy, our work environment continues to be regarded highly by our employees: 83% agree we promote a healthy work environment, 18% above the Australian norm;	76% were favourable on our well-being approach, 14% above the Australian norm; and 35% of our Victorian team used the extra 10 days of leave provided for them to home school during the COVID-19 lockdowns in 2020.	Enhance our well-being strategy to adapt to the challenging needs of the business and measure success through employee surveys - see Health, safety and well-being on page 35 .	



Australian Workplace
Equality Index Awards

ReCharge
launch

For personal use only

	Targets			
	FY21 achievements		FY22	Looking further ahead
<div><h3>Creating inclusive spaces and engaging customer experiences</h3><p>Support customers to go further by enhancing connection, engagement, productivity and innovation</p></div>	<div><p>We improved customer satisfaction measures across all sectors¹, with Net Promoter Scores and satisfaction results at a 5 year high.</p><p>We successfully involved the local community in the development of Wesley Place, Vic through the community reference group, contributing to the sense of place.</p></div>	<div><p>We launched ‘ReCharge’ our Office workplace wellness program that brings premium lifestyle amenities, health seminars, wellness services and surprise activations to our tenant customers.</p><p>We extended our award winning customer experience program, ‘Charli’, to connect over 15,000 users and 860,000sqm of workspace across 32 Office buildings nationally.</p></div>	<div><p>Establish NPS targets for all sectors.</p></div>	<div><p>Enhance customer experience in our places, measured through customer satisfaction surveys.</p><p>All large new Office and Retail developments to meet the Places credit criteria for Green Star Buildings by supporting the creation of safe, enjoyable, integrated and comfortable places by FY25.</p></div>
<div><h3>Employee</h3><p>Creating a diverse and inclusive culture and environment within our own community</p></div>	<div><p>We achieved 90% employee engagement.</p><p>95% of our people recommend Charter Hall as a good place to work.</p><p>We recorded not only strong results across all our culture measures but also a high performing employee experience compared to benchmarks.</p><p>We achieved WGEA Employer of Choice for Gender Equality citation.</p></div>	<div><p>We continued to grow our LGBT+ network and improved our score in the Australian Workplace Equality Index (AWEI) by 31% when compared with FY20.</p><p>We ranked second in the Property Construction & Transport category in the 2021 Best Places to Work.</p><p>We achieved 28.6% female participation on the CHC Board; 29% in senior management; and 55% across the workplace.</p></div>	<div><p>Improve AWEI recognition for LGBT+ inclusion by achieving Bronze status by FY22.</p><p>Continue to achieve employee engagement above global high performing norm.</p></div>	<div><p>Female participation on the CHC Board of >40%, and in senior management of >40% by FY25. Continue to maintain 50% female participation across the workplace.</p><p>Continue to evolve our approach to LGBT+ inclusion by reaching Gold status in the AWEI.</p></div>

1. Excludes Social Infrastructure and Office portfolios. We did not survey Office customers in 2020 due to COVID-19 and have not yet commenced 2021 surveys.

Governance

		Targets	
	FY21 achievements	FY22	Looking further ahead
<div>Ethics Conducting business activities in line with the highest ethical standards</div>	<div>All our people received training on governance and risk management policies, including our Code of Conduct.</div> <div>We achieved 86% Risk Culture Index in our annual culture survey (13% above Australian norm) driving a positive employee experience year on year.</div>	<div>We joined the Ethical Alliance (managed by The Ethics Centre). This community of organisations is committed to lead, inspire and shape better futures. We implemented a Risk and Compliance system to automate advice on changes in legislation and regulation.</div>	<div>Achieve 100% employee participation in risk and compliance training.</div> <div>Maintain >80% in the Risk Culture Index in our annual culture survey.</div> <div>Publish responsible and ethical investment framework by FY25.</div>
<div>Innovation and technology Harnessing the opportunities of digital technology and data while actively protecting the privacy of individuals and companies</div>	<div>We joined the Sustainable Digitalisation Project as a Silver Member</div> <div>to be part of an industry approach to responsible, ethical and sustainable digitalisation.</div>	<div>We actively engaged in the Property Council of Australia's Cyber Security Roundtable to address emerging cyber threats as an industry.</div> <div>We reported zero major cyber security incidents for the year. Our cyber security strategy is modelled on the internationally recognised standard ISO27001 and audited annually.</div>	<div>Embed and continuously evolve information security 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.</div> <div>Work across our technology and operational supply chain to increase cyber awareness, maturity and readiness by FY25.</div>
<div>Responsible supply chain Creating an integrated sustainable supply chain strategy and ensure delivery on UNGC commitment</div>	<div>We launched our inaugural Modern Slavery Statement in FY21 and published our annual communication on progress to United Nations Global Compact (UNGC).</div> <div>We identified five suppliers for independent review to identify opportunities for improving their risk ratings.</div> <div>We engaged three high risk suppliers across construction, cleaning and facilities management to be involved in supplier 'Deep Dive' workshops focused on understanding how they are identifying, assessing and mitigating risks in their operations and supply chains.</div>	<div>We implemented a Supplier Code of Conduct outlining mandatory modern slavery compliance for all our suppliers.</div> <div>All employees received modern slavery refresher training, including the process of reporting issues or suspect modern slavery in our operations or supply chains.</div>	<div>Expand the number of high risk suppliers completing the modern slavery pre-qualification.</div> <div>Deliver a Sustainable Supply Chain Framework that addresses modern slavery, preferred materials, and circular economy principles by FY25.</div>



Woodpark Logistics
Estate, Smithfield, NSW
5 Star Green Star
Design & As Built.

Targets

	FY21 achievements	FY22	Looking further ahead
Policies and processes Managing our properties and funds effectively and with integrity	We progressed the implementation of our Environmental Management System across the portfolio.	Implement Environmental Management System during FY22.	Embed a ISO14001 certified Environmental Management System in place by FY25.
	<div>Our Board continued to oversee the Group sustainability strategy and policies (including our approach to climate change and integrating ESG) through the Audit Risk and Compliance Committee.</div> <div>Our Executive and Non-Executive Directors engaged on climate change and scenarios.</div> <div>Our Executive Committee continued to have strategic oversight of ESG strategy and implementation, bolstered by the establishment of an ESG Committee to drive platform-wide alignment and implementation.</div>		Complete full alignment with the TCFD Framework by FY25.
Reporting and ratings Using independent rating tools to benchmark and measure our progress in integrating ESG into our platform	<div>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.</div> <div>Industrial & Logistics development at Woodpark Logistics Estate achieved 5 Star Green Star Design & As Built</div>	<div>All Office developments in progress are targeting 5 Star Green Star Design & As Built</div> <div>5 Star NABERS Energy rating</div>	<div>Develop guidelines for Net Zero Office developments incorporating Net Zero targets.</div> <div>Target 6 Star Green Star Design and As Built ratings for all new CBD Office Developments by FY25.</div>
	<div>Industrial & Logistics and Retail sectors achieved 2 Star Green Star Performance rating</div>	<div>Office sector achieved 4 Star Green Star Performance rating</div>	<div>Work with GBCA on the piloting of the new Green Star Performance tool.</div> <div>Achieve a 3 Star Average Green Star Performance rating across the portfolio by FY25.</div>

Integrating sustainability into decision making

Factoring sustainability into our decision-making is how we choose to do business. In fact, it’s embedded and integrated platform-wide across our Group operations.

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.

ARCC

The Audit Risk and Compliance Committee (ARCC) receives regular updates from the Executive Committee on sustainability issues and initiatives.

Executive Committee

The Executive Committee implements sustainability policies across the Group and, along with the Board, has ultimate responsibility for overall implementation and governance of sustainability across the business.

ESG teams

Our Group Head of ESG and 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 ESG Leads in our Office, Retail and Industrial & Logistics portfolios.

ESG Committee

Our ESG Committee have focused this year on endorsing procurement of 100% renewables for Industrial & Logistics and Office, continued alignment to the TCFD, creating approaches for rolling out Climate Change & Adaptation Plans for all our assets, signing off on work relating to our social procurement strategy and establishing social value partnerships. The Committee remains focused on driving platform-wide alignment and implementation of ESG strategy and initiatives.

Policies

Policies and Codes of Practice help translate our values and commitments into actions.

In relation to sustainable and responsible business practices, we are guided by our [Group Sustainability Policy](#) and our [Human Rights Policy](#), along with 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](#), as well as through instruments such as our [Modern Slavery Statement](#).

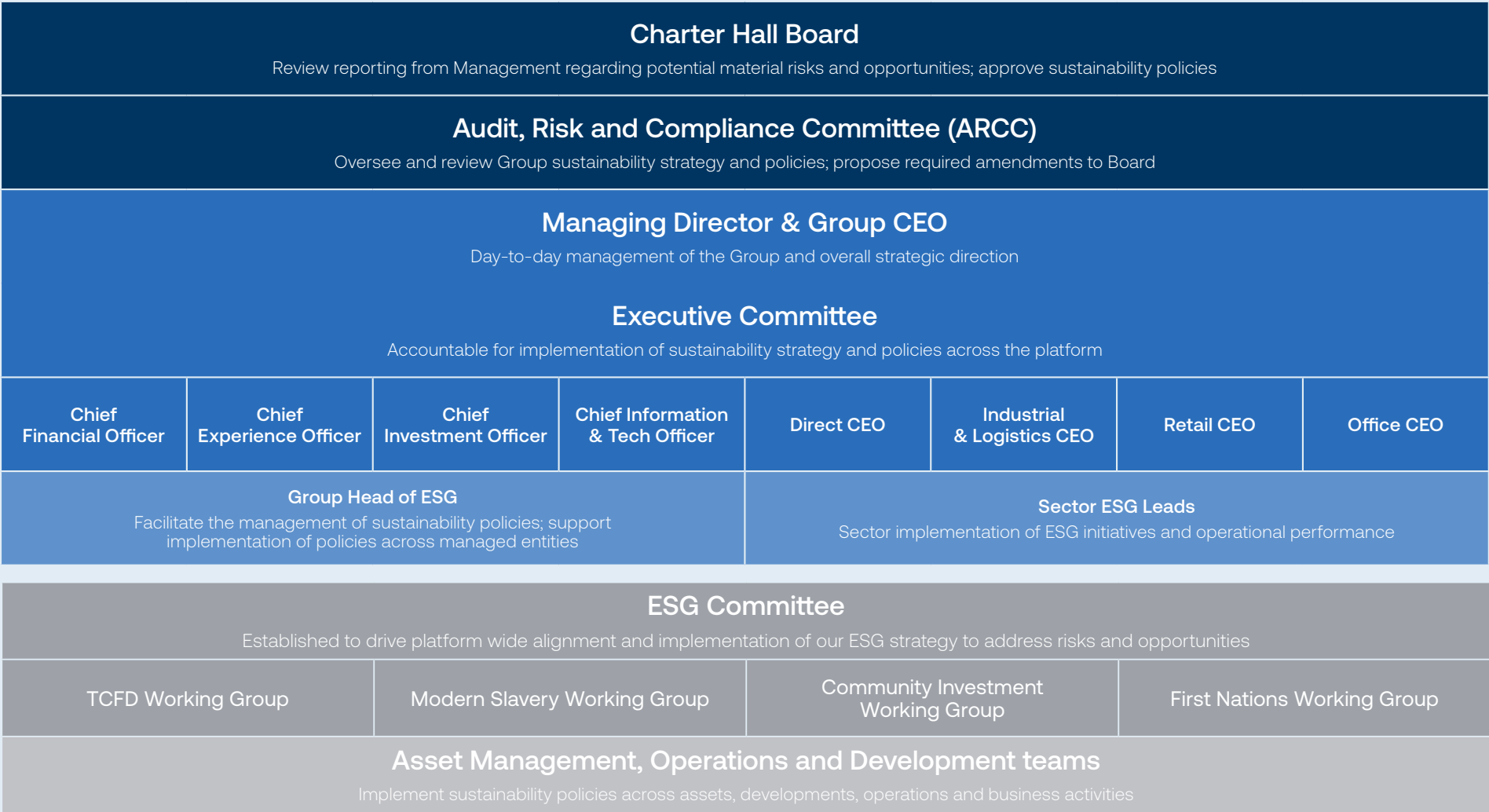
All our managed funds adopt our Group policies, including this Report. In addition, each fund has its own governance structure, which determines decision-making about assets within the portfolio and in accordance with Group policies, codes of conduct and charters.

Ultimate responsibility for the above rests with the Executive Committee and Board. We provide accountability and transparency for our processes and outcomes through our internal and external reporting, including this Report.



From left:
Greg Chubb, 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.

Information and feedback on sustainability performance



Sustainability framework

Creating better futures by driving
value and mutual success



Environment

Climate resilience

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



Climate change
adaptation



Sustainable growth
and returns



Energy efficiency
and renewables



Resource
efficiency



Social

Strong communities

We create safe, equitable and inclusive environment for our employees, partners, customers and communities.



Health, safety
and well-being



Community and
social inclusion



Customer engagement
and satisfaction



Employee engagement
and satisfaction



Governance

Responsible business

We behave in line with the highest ethical standards, strive for a sustainable supply chain and transparently disclose our performance.



Business ethics and
compliance



Responsible
investment



Responsible and
sustainable supply chain



Innovation and
technology

Key sustainability issues in FY20/21

We conducted an intensive materiality process this year to guide our sustainability strategy and reporting, and to ensure that our approach to managing our social, environmental, economic and governance performance is informed and focused. This process involved three key steps:

- 1

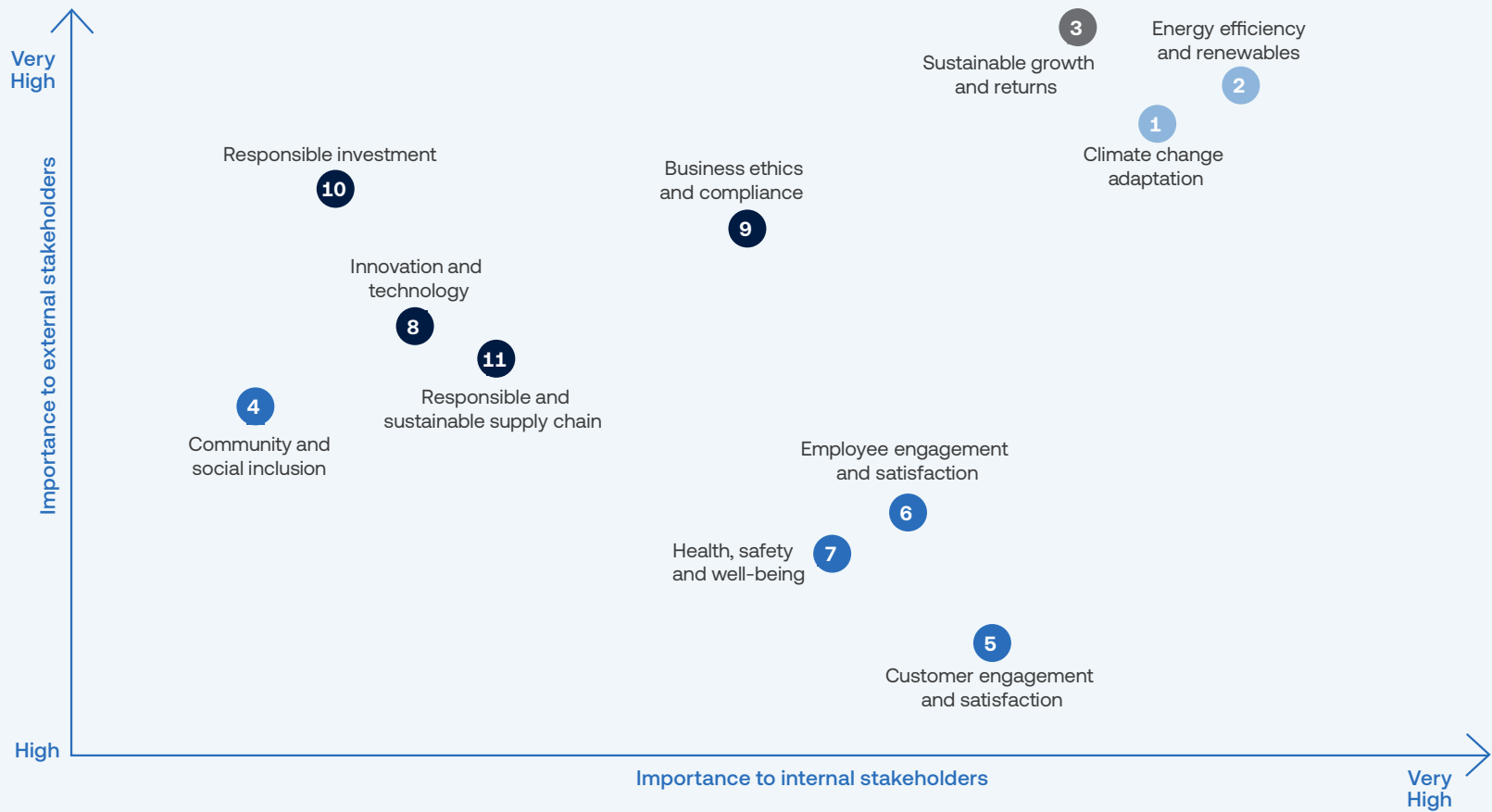
Research into megatrends and thought leadership in the market, to help us better understand and appreciate the key issues, challenges and opportunities that we will be exposed to, both now and into the future.
- 2

Engagement, through interviews and surveys, of our key internal and external stakeholders – our employees, investors, tenants and other informants. Based on the [AA1000 Stakeholder Engagement Standard 2015](#), this engagement provided insights into ESG issues that are material to our stakeholders and provided a deeper understanding of their perceptions about our approach to ESG and what we can do to lift our performance.
- 3

A **material issues review** and prioritisation workshop that enabled our Board and Executive Committee to consider, discuss and prioritise the ESG matters that would shape not only the Report, but our overall strategy for the coming period.

The resulting range of material topics¹ are shown in the Materiality Matrix. These were prioritised by the Board and Executive Committee as the most critical to account for in this Report.

Charter Hall Materiality Matrix



Environment

1 Climate change adaptation

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

2 Energy efficiency and renewables

The use of process redesign and technological modifications to allow a defined process or task to be carried out using less energy and the use of renewable energy sources such as wind, solar, hydro, and biomass.

Economic

3 Sustainable growth and returns

Providing services that satisfy the highest professional standards of the industry to ensure long-term, mutually beneficial relationships and returns for the company and investors.

Social

4 Community and social inclusion

Supporting and contributing to the prosperity of local communities, promoting social inclusion of vulnerable groups; and creating opportunities for the economic uplift of young Australians, those with disabilities, Indigenous peoples, and others in need.

5 Customer engagement and satisfaction

Exceeding the business needs of our tenants and investors to ensure they have a deep sense of belonging and satisfaction in our assets.

6 Employee engagement and satisfaction

Through building a diverse and inclusive culture and workplace within our own community, our people can be at their best.

7 Health, safety and well-being

The promotion of physical and mental health and well-being for everyone, including our employees, contractors and customers, as well as the general public that use our spaces.

Governance

8 Innovation and technology

Harnessing digital technologies and data across our assets in partnership with our customers to solve industry challenges and meet customer needs.

9 Business ethics and compliance

Conducting our business activities in line with the highest ethical standards across environmental, social and governance standards and complying with all relevant regulations and transparently reporting on our performance.

10 Responsible investment

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

11 Responsible and sustainable supply chain

Facilitating procurement practices and supply chain management in a responsible and sustainable way, including the management of human rights, sustainable procurement, modern slavery, anti-corruption and anti-bribery.

Key sustainability issues in FY20/21

Last year, we reported on several issues material to our ESG performance. As noted in the table, our ongoing attention and response to those issues over the past 12 months is either detailed in this report or a reference is provided as to where further information can be found online.



FY20 material topics

Reference to response:

Business ethics and compliance	Business ethics and compliance under Governance: Responding to our key material issues on page 21 .	Employee engagement and satisfaction	Employee engagement and satisfaction under Social: Responding to our key material issues on page 35 .
Infectious disease	Health, safety and well-being under Social: Responding to our key material issues on page 35 .	Customer engagement and satisfaction	Customer engagement and satisfaction under Social: Responding to our key material issues on page 34 .
GHG emissions	GHG emissions under the following sections in this report: Climate change adaptation on page 29 , Energy efficiency and renewables on page 30 , and Clean energy on page 30 .	Cyber security and data protection	Innovation and technology under Governance: Responding to our key material issues on page 22 .
Diversity and inclusion	Refer to Databook >	Waste management	Refer to Databook >
Energy efficiency and renewables	Energy efficiency and renewables under Environment: Responding to our key material issues on page 30 .	Water management	Refer to Databook >
Climate change adaptation	Climate change adaptation under Environment: Responding to our key material issues on page 29 .	Protecting the natural environment	Refer to website >
Responsible investment	Responsible investment under Governance: Responding to our key material issues on page 21 .	Community and social inclusion	Community and social inclusion under Social: Responding to our key material issues on page 33 .
Responsible and sustainable supply chain	Responsible and sustainable supply chain under Governance: Responding to our key material issues on page 23 .	Innovation and technology	Innovation and technology under Governance: Responding to our key material issues on page 22 .
Health, safety and well-being	Health, safety and well-being under Social: Responding to our key material issues on page 35 .	Local economic contributions	Refer to website >
Sustainable growth and returns	Sustainable growth and returns under Economic: Responding to our key material issues on page 26 .	Employee training and development	Employee engagement and satisfaction under Social: Responding to our key material issues on page 35 .



Governance

Responding to our key material issues



Governance

Responding to our key material issues

Business ethics and compliance

We remain focused on our fiduciary duty, never forgetting that we’re managing other people’s money. Good governance allows us to operate a safe, honest and responsible business.

Our good governance practices are predicated on our ethical behaviours, due diligence, leadership and values-driven culture.

Responsible governance underpins our core values and business model. Our governance framework aligns with the ASX Corporate Governance Council’s [Corporate Governance Principles and Recommendations \(4th Edition\)](#). Our Corporate Governance Statements for our listed funds can be found [here](#).

Our business culture embraces ethical practices, complies with all relevant regulations, and aims to be fully accountable and transparent with our market around any fines, breaches or other business transgressions. Our [Whistleblower Policy](#) and hotline supports this outcome.

In FY21, we did not receive any fines, however we reported one breach where an external service provider to Charter Hall failed to send transaction confirmations to a particular group of Charter Hall clients within the required timeframe. Upon discovery, the impacted clients were sent the confirmations and a voluntary report of the matter was made to ASIC.

As detailed on earlier under “Integrating sustainability into decision making”, our suite of policies and codes help translate our values and commitments into actions and therefore guides our decision-making.

All our people receive learning support 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. Our Code also requires us to treat each other courteously and respectfully. Our approach to business ethics, compliance and ethical business practice scored over 90% in our most recent employee engagement survey.

Led by our Board

Our Board of Directors sets the tone in relation to good governance, and provides the necessary leadership, guidance and direction to the business in terms of ethics and values-driven behaviours.

There are four standing Board Committees that assist the Board to fulfil its responsibilities. Each Committee operates under a specific charter, which can be found on our website’s [Corporate Governance](#) section. Each Committee must have at least three non-executive members (a majority of independent directors) and be chaired by an Independent Non-Executive Director. Details on Board and Committee meetings held this year and meetings attended by directors are available [here](#).

Daily management of the Group is the responsibility of the Managing Director & Group CEO, assisted by the Executive Committee. The Managing Director & Group CEO engages with the Chair about issues that warrant the attention of the Board. Our ‘Delegations of Authority’ document sets out the expenditure and capital boundaries within which the Managing Director & CEO and senior executives must operate. More information is available [here](#).

During FY21, we also joined the Ethical Alliance (managed by The Ethics Centre), a community of organisations committed to lead, inspire and shape better futures.

Looking ahead, we are aiming to more consistently embed values-based considerations into our decision making processes.

Responsible investment

As awareness around the influence that non-financial factors have on value, longevity, reputation and returns continues to grow, investors are demanding greater transparency around where and how their money is being invested.

They also 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.

In response, there has been a 77% growth in companies declaring assets under management of U\$121.3 trillion signing up to the Principles for Responsible Investment (PRI) framework.

In the property sector, the Global Real Estate Sustainability Benchmark has enjoyed a similar rise with a 74% increase in gross asset value participating in their annual assessment, highlighting a core focus on ESG-aligned for both the sector and investor members.

Well embedded principles in our business

Our funds management platform continues to be active, with 20 funds and partnerships transacting on property assets during FY21. Integrating sustainability considerations into our investment decisions helps underpin sustainable growth and returns.

We have been a signatory to the Principles for Responsible Investment (PRI) since 2008 and remain committed to its six [Principles](#). These Principles reflect the increasing relevance of ESG issues to investment practices.



Our platform-wide sustainability framework drives performance and discipline for our business and to benefit our stakeholders at the entity and operating asset levels. Our approach focuses on four key outcomes:

Environmental stewardship

Our portfolios deliver environmental value through a focus on resource efficiency, using low carbon energy in assets, recycling water and maximising water efficiency and increasing recycling rates. The environmental value is measured through the use of the existing benchmarking tools of NABERS and Green Star Performance – for more details see pages [30](#) and [40](#).

Social purpose

Our portfolios deliver social outcomes by focusing on the safety, health and well-being of our people and tenants. We remain focused on customer satisfaction and creating healthier property assets. We’re also working to foster diversity and inclusiveness and create social value by aligning our people, places and contributions to communities through our Pledge 1% initiative – for more detail see [page 33](#).

Governance

We are committed to best practice governance at an organisational and entity level. We do this through our risk management practices, ensuring climate change preparedness by managing both transitional and physical risks, and by applying responsible supply chain management – for more detail see responsible and sustainable supply chain detail see [page 23](#).

Stakeholders

Throughout the reporting period, we engaged with key internal and external stakeholders to better understand material responsible investment/ESG matters that require ongoing focus and attention. We also responded to the [2021 PRI Transparency Report](#) as part of our commitment to stakeholder accountability. Likewise, we responded to the [Global Real Estate Sustainability Benchmark \(GRESB\)](#) for 21 funds, as a way to benchmark and assess our progress against our ESG strategy.

Innovation and technology

Innovation and technology go hand in hand with mitigating risks, especially those related to cybersecurity, and creating opportunities that enhance the sustainability of our portfolio. To address these opportunities and challenges effectively, we focus on fostering a culture of agile thinking, entrepreneurship and intrapreneurship.

We encourage innovation through collaboration and knowledge sharing, drawing on diversity to encourage different thinking. We actively seek to bring people together from different disciplines and across industries to stimulate new ways of solving industry problems and customer needs.

Our culture ensures that we keep learning, talking to our customers about their changing needs and continuously evolving our property solutions. This includes applying emerging technologies and leveraging data to create smarter, more sustainable buildings, while ensuring our people are engaged and empowered through automation, artificial intelligence and digital skills building.

Technology advances this year

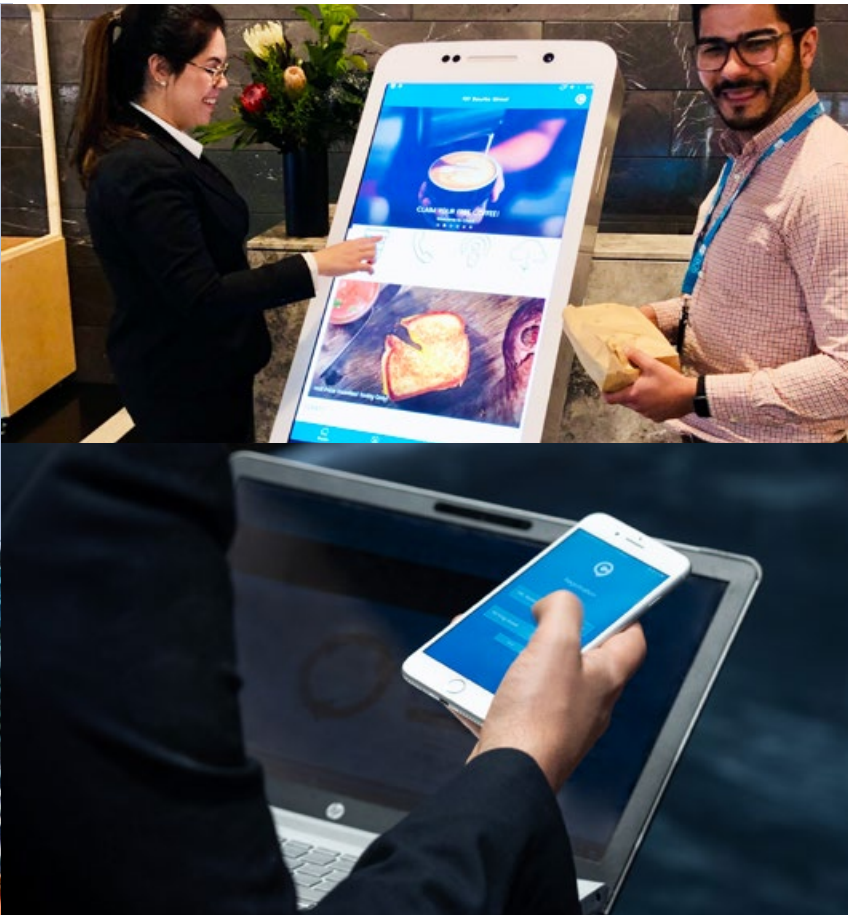
- Over the past 12 months we have successfully completed a broad range of technology initiatives and, along the way, received peer recognition for the work we are doing:
- GPO Exchange – one of our latest smart building developments – was recognised with the 2020 Global Realcomm Digie Award for Most Intelligent Office Building, the 2020 Australian Engineering Excellence Award for Smartest Commercial Office Building and the 2020 SA UDIA Awards for Best Environmental Excellence and Best Urban Renewal. It was also a finalist in the 2020 PCA Excellence Awards for Best Development Innovation, which recognises innovation that creates significant advancement and improvement.
 - Across our Office assets, building services analytics has been deployed to deliver operational, economic and environmental benefits. This provides a combination of analytics, machine learning and technical engineering support into real-time, data-driven insights for maximising efficiency, effectiveness, tenant comfort and sustainability.
 - We continued our digital transformation journey by exploring new automation and AI technologies to underpin our employee experience and the ways in which we can serve customers more conveniently and effectively.
 - We continued evolving our systems to underpin our tenant relationship activities and the onboarding of new properties.
 - We implemented new space booking and utilisation technologies to support the safe return to our offices and inform future workspace planning.

- We managed the seamless connection of a hybrid workforce through a one-touch video conferencing solution in-office and on any device.
- We joined the [Sustainable Digitalisation Project](#) to engage with industry on responsible, ethical and sustainable practices in an increasingly digital world.
- We took a leadership role on the [Property Council of Australia's Cyber Security Roundtable](#) to address emerging cyber threats as an industry.

In the coming year, we will continue to drive innovative ways to solve customer and organisational needs with a particular focus on secure and sustainable practices.

We are looking to:

- Deliver new digital ways to connect with tenant and investor customers to complement their real-world experience and provide greater convenience;
- Increase the use of automation, artificial intelligence and analytics to help our people future-proof their careers through digital skill building and learning opportunities;
- Co-create innovations with customers in our property portfolio by using digital technology and data to enhance the wellbeing and experience of their employees;
- Harness the power of digital technology and data to operate our buildings more efficiently and sustainably and in a way that safeguards against risks;
- Co-create innovations with customers to enhance their experiences and well-being, operate efficiently and sustainably, and protect against risks;
- Support the development and integration of responsible, ethical, and sustainable digitalisation practices in the design of new innovations; and
- Continue to evolve the industry's cyber security maturity through the Property Council of Australia's Cyber Security Roundtable.



Cyber security - using data securely

Digital technology and data permeate all aspects of our lives, and while opportunities to innovate abound, so do risks when leveraging technology, particularly in safeguarding our digital landscape and protecting data from cyber security threats.

Our practices focus on protecting the privacy of personal information and using what we know ethically to enrich people's lives. Safeguarding of information is a whole of business responsibility. All employees received refresher privacy training in FY21.

We've set out our expectations for all levels of the business, documented in our [Code of Conduct](#), data governance and information security policies, and expressed the associated risk tolerance in our organisational Risk Appetite Statements.

Our cyber security strategy is modelled on internationally recognised standard ISO27001 and audited annually. Reports are provided on a quarterly basis to our Executive and Board. Through our disciplined focus on data security there were no major cyber security incidents for the year.

Clockwise from top left:

GPO Exchange, Adelaide SA
5.5 Star NABERS Energy
5.5 Star NABERS Water

737 Bourke Street, Melbourne Vic
5.5 Star NABERS Energy
5.5 Star NABERS Water

Wesley Place, 130 Lonsdale Street, Melbourne Vic
5.0 Star NABERS Energy
4.5 Star NABERS Water

Workshop, No.1 Martin Place, Sydney NSW

GPO Exchange, Adelaide SA
5.5 Star NABERS Energy
5.5 Star NABERS Water

Responsible and sustainable supply chain

For Charter Hall, responsible and sustainable supply chains embrace a multiplicity of aspects. These include working with our suppliers on their sustainable business practices; effectively managing our supplier relationships; supporting the procurement of sustainably delivered services, products and materials; and actively supporting and promoting supply chain practices that align with circular economy principles.

Our business is committed to upholding universal principles on human rights, labour, environment and anti-corruption and we have an ongoing ethical obligation that all our business partners do likewise. We also expect them to adhere to regulations in relation to insider trading, anti-trust, price fixing and market manipulation. To enact these commitments, we have reviewed our standard agreements, processes and guidelines to integrate our actions on human rights and modern slavery. In early 2021, we finalised our 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. 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. We also require our suppliers and contractors to read and sign our Supplier Code of Conduct.

Why tackling modern slavery matters is so important to us

Modern slavery situations occur where businesses or individuals use coercion, threats or deception to exploit people and limit their freedom. This can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and child labour. Around 7 per cent of the global workforce is employed by the property and construction sector. These industries also account for an estimated 18 per cent of modern slavery victims.

Here in Australia, we would like to think we are immune to such issues, but this isn't the case. Our own supply chain is diverse, supporting both our own operational management and development functions and involving multiple partnerships in our nationwide real estate portfolio. These partnerships include the sourcing and employment of cleaning companies, security personnel and facilities management employees, as well as construction labour hire and extended, sometimes offshore, supply chains. Many of these are susceptible to modern slavery arrangements.

A whole of sector response

In terms of sector-wide responses to modern slavery, we continued to collaborate with the Property Council of Australia, leading property organisations, Informed365 and industry experts to create a Property Council pre-qualification supplier platform. This platform asks suppliers about the actions they are taking to assess and address human rights issues and modern slavery risks across shared operations and supply chains. The supplier pre-qualification portal also recognises that our suppliers in turn work with others in the property industry and enables them to complete a survey on their supply chains and practices, which can be shared with other property organisations.

We apply a human rights and modern slavery risk matrix to almost 4,000 of our suppliers that ranks them in terms of risk versus spend and identifies those needing to participate in a pre-qualification assessment. Building on the 100 suppliers we invited for assessment in FY20, we identified five suppliers for independent review to identify opportunities for improving their risk ratings. In FY21, we conducted CAF audits of labour management and practices of our cleaners across four office buildings. In addition, we engaged with three of our high-risk suppliers in supplier 'Deep Dive' workshops to understand how they are identifying, assessing and mitigating risks in their operations and supply chains.

Education is key

Education is a big part of effectively managing these risks and to that end, we have lifted awareness and understanding through internal presentations and e-learning modules. All our people received modern slavery refresher training, including training on the process of reporting issues should they find or suspect modern slavery in our operations or supply chains. We continued to communicate with our suppliers on human rights and their responsibilities and provided further education resources through the Property Council of Australia modern slavery initiative, which we co-chair. We also report annually on our progress to our commitments to United Nations Global Compact.

Looking ahead, we will continue to identify those suppliers needing to complete the modern slavery pre-qualification, with a focus on suppliers in the industries that pose the greatest potential risk - specifically cleaning, security, maintenance and electricals. We still have work to do to further develop our responsible supply chain practices and modern slavery framework and to integrate these across all our assets and developments.



Diving deep into modern slavery

In FY21, as part of Charter Hall’s approach to modern slavery and human rights, we engaged three high-risk suppliers to participate in a ‘Deep Dive’ workshop.

These suppliers work in the construction, cleaning and facilities management sectors, which are known to be in the high-risk area for poor labour practices. The ‘Deep Dive’ is an approach we adopted to better understand how suppliers are identifying, assessing and mitigating untoward labour practice and related human rights risks in their operations and in their own supply chains. The ‘Deep Dive’ workshops were also a knowledge-sharing exercise to explore challenges and opportunities for collaboration and improvement.

During the workshops, suppliers’ responses to the Property Council of Australia Questionnaire (PCAQ) were discussed and opportunities identified for collaborating on improving practices and standards in the sectors. The information and insights gained from the workshops provided clear next steps for Charter Hall in relation to identifying, assessing and mitigating modern slavery risks.

The participating suppliers reported that completing the PCAQ has resulted in them being more aware of and alert to modern slavery risks in their businesses. They identified challenges around engaging and assisting smaller suppliers in their own supply chains. But they also acknowledged the value to their industry of collaborating, both with the Property Council of Australia and with Charter Hall, in areas such as education of small suppliers and enhancing third-party auditing. The suppliers in the workshop also agreed that industry-wide KPIs in this area could be very effective.

We are considering expanding the ‘Deep Dive’ workshops across a broader range of suppliers, including smaller suppliers, to gain further insights into supply chain risks and opportunities, and through this, also minimising risk in our own procurement approach.

Engaging suppliers through the ‘Deep Dive’ workshop is a powerful mutual learning opportunity. It not only helps drive change, but also fosters trust with suppliers and provides direct insights into the current state of modern slavery in the market. The approach has also identified areas of improvement in supplier identification, surveys and engagement process, both for the Property Council of Australia and for Charter Hall.

“

Engaging suppliers through the ‘Deep Dive’ workshops has proven to be a powerful mutual learning opportunity. It not only helps make change possible, but also fosters trust with suppliers and provides direct insights into the current state of modern slavery in the market.





Economic

Responding to our
key material issues



Economic

Responding to our key material issues



225 St Georges Terrace, Perth WA

5.0 Star NABERS Energy

Sustainable growth and returns

Our sustainable growth and returns stem from responsibly managing third party capital.

Our approach examines how we manage and balance the needs and skills of our people, our business strategy, and, importantly, the places we manage for investors and tenant customers.

In order to deliver long-term risk-adjusted returns for our investors and mutually beneficial outcomes through a long-term view of partnerships, we must consider not just our fiduciary responsibilities but also how our approaches will enhance local employment, community well-being and social uplift. We also fully acknowledge that these decisions affect environmental protection, biodiversity, resilience and heritage restoration and preservation.

Major economic achievements this year

Among our key achievements this year:

- Continuing growth and resilience. Our operating earnings post-tax was \$284 million or 61.0cps;
- Our return on contributed equity was 16.5%, a leading return within the A-REIT sector;
- Funds under management (FUM) growth of \$11.7 billion, brings our total FUM to \$52.3 billion at 30 June 2021;
- The Group's balance sheet remains resilient, reflecting the quality of our long-leased investments, particularly in the Industrial & Logistics and the triple net sectors;
- We managed our portfolios to preserve capital and drive resilient income returns, optimising earnings growth from our managed assets; and
- Finally, we continue to invest \$2.4 billion, alongside our capital partners, building partnerships and supporting future returns.

Our investors and tenants are our customers. Many are also ownership partners or potential vendors of sale and leaseback transactions. The resilience of our major tenants and our concentration in essential industries underpins the defensive nature of our portfolios and their ongoing performance.

Creating environmental and social value, alongside financial returns, is a critical growth element. Indeed, it provides us not only with an ongoing social license to operate but also acts as a smart strategy to drive a range of qualitative and quantitative benefits for our customer. These include:

- Lower costs of operating;
- Higher returns;
- Greater wellness benefits linked to amenity;
- Indoor environments that enhance productivity in workers;
- Better learning outcomes in children; and
- Stronger asset valuations.

We also know that high performance Green buildings, which we are developing as part of our pipeline, reduce stress on the electricity network, support a low cost-of-carbon abatement approach to realising our Net Zero Carbon target, and encourage replication across our industry to drive households and businesses towards a low carbon economy.

Climate related risks and opportunities

Global climate change will generate impacts on the environment and in the communities in which we operate that will pose a serious challenge to our business. In response, we’ve initiated a range of actions and partnerships with our customers to create low carbon solutions across our Office, Industrial & Logistics, Retail and Social Infrastructure assets and funds.

These are some of the measures we’ve taken this year:

Governance	<ul style="list-style-type: none">Our Board continued to oversee Group sustainability strategy and policies (including our approach to climate change and integrating ESG) through the Audit Risk and Compliance Committee (ARCC).Our Executive and Non-Executive Directors engaged on Climate Change and Scenarios.Our Executive Committee continued to have strategic oversight of ESG strategy and implementation, bolstered by the establishment of an ESG Committee to drive platform wide alignment and implementation.We established a cross-business TCFD Working Group that includes representation from the Chief Financial Officer, Chief Investment Officer, Chief Experience Officer, General Counsel and Company Secretary, and Group Head of Risk and Compliance.		
Strategy	<ul style="list-style-type: none">We developed and disclosed our Scenarios.We published our TCFD approach.We made a commitment to being Net Zero Carbon in operation by 2030 (Scope 1 & Scope 2).		
Risk management	<ul style="list-style-type: none">We created a climate and carbon transaction framework for acquisition and investment strategies.We completed physical risk assessments portfolio-wide.We commenced CCAP for Industrial & Logistics sector (70% complete by floor area) using RCP8.5 as our worst case scenario. CCAP for our Office and Retail sectors will commence in FY22.		
Metrics and targets	<p>Business Operations:</p> <p>Target:</p> <p>Established Net Zero Carbon Scope 1 & Scope 2 by 2030</p> <p>Target:</p> <p>100% renewables for Scope 2</p>	<p>Achieved:</p> <p>19% reduction in carbon emission intensity (Scope 1 and 2) since FY17, despite a 43% increase in area over that time</p>	<p>New Projects:</p> <ul style="list-style-type: none">We are designing for Net Zero in operations at 60 King William Street, Adelaide development.We piloted Net Zero developments (embodied carbon and construction emissions) at two childcare centres located within Retail shopping centres in WA.We piloted Climate Active certified construction services on 140 Lonsdale Street, Melbourne development.
Climate scenarios	<p>As a business, our strategy has adopted two scenarios to test resilience and enable us to prepare for physical and transitional risks.</p>		



Transition to a low carbon economy (RCP2.6) scenario

Outcome:

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



Business-as-usual (RCP8.5) scenario

Outcome:

Likely to exceed 4°C+ by 2100



From top:

60 King William Street, Adelaide SA development (artist impression)

140 Lonsdale Street, Melbourne Vic development (artist impression)



Environment

Responding to our key material issues



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Environment

Responding to our key material issues

Climate change adaptation

The latest Intergovernmental Panel on Climate Change (IPCC) Report recognises that climate change is already affecting many weather and climate extremes.

For Australasia these changes include increased incidence of heat extremes, drought, extreme fire weather days, heavy rainfall and river floods and occurrence of dust storms. These changes will only become larger in the years ahead. They will also have a material impact on our properties and for our tenants:

- 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; and
- Higher instances of heavy rainfall and floods will significantly impact the physical structures of our buildings, and potentially cause people and businesses harm.



The Glasshouse,
45-61 Waterloo Road,
Macquarie Park, Sydney NSW

5.5 Star
NABERS Energy

6.0 Star
NABERS Water

Plans for our assets

In FY21, we completed Climate Change Adaptation Plans (CCAP) for 70% of the Industrial & Logistics portfolio and have commenced planning for the Office and Retail portfolios. Our CCAPs consider climatic zone risk exposure impacts employing RCP8.5 and data sourced from CSIRO Climate Change in Australia database. We will incorporate our adaptation measures into our capital upgrade programs and strategic asset plans to build resilience against the physical impacts of climate change.

We commenced work on our approach to Climate Change Adaptation Planning for Social Infrastructure during FY21, and will commence work on Long WALE Retail in FY22.

Increased risks

As we move to the low carbon economy, transitional risks from changing regulations and markets could entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to our business. But equally, they may provide us with unique opportunities.

Our embedded response

As reported last year, we embedded stronger climate governance and oversight, including management of transitional risk, by establishing a cross-business Task Force on Climate-related Financial Disclosures (TCFD) Working Group, with representatives from strategy, finance, transactions, risk and compliance and sustainability to guide our climate resilience strategy and TCFD approach. We also prepared information materials for further Board engagement on our strategy and approach to climate resilience, TCFD and our relationship to ASX Corporate Governance Principles. We also reviewed Board charters for inclusion of climate-related risks within our risk registers.

In addition, during FY21, we:

- Became a signatory to the WGBC Net Zero Carbon Commitment. This aligns with our net zero target for Scope 1 and 2 emissions by 2030;
- Achieved a 15% reduction in carbon emission intensity (Scope 1 and 2) since FY17, despite a 29% increase in activity during that time;
- Were recognised for our work in climate reporting by:
 - 2020 PRI Leaders Group for climate related disclosure, and
 - 2020 GRESB Industrial Global Development Leader for our industrial fund, CPIF;
- Completed physical risk assessments portfolio wide.

Looking ahead, we aim to ensure that all Office, Retail and Industrial & Logistics assets have climate change adaptation plans and that these are incorporated into Strategic Asset Plans by FY25.



“The Green Building Council of Australia is delighted to partner with Charter Hall on their Net Zero Carbon Buildings Commitment for 2030 through the World Green Building Council. It’s incredibly exciting to see them commit to approximately 2 million square metres of buildings for net zero, and even better to see the progress with over 41MW of solar installed and renewables for more than 65% of total floor area from July this year.”

Davina Rooney
CEO Green Building Council of Australia

Energy efficiency and renewables

The latest IPCC Report states that global warming of between 1.5°C and 2°C will be exceeded during this century unless deep reductions in carbon emissions occur in the coming decades.

In our FY19 Sustainability Report, we committed to a 100% reduction in carbon emissions (Scope 1 and 2). In our FY20 Report, we identified our pathway to Net Zero aligned with a science-based target methodology, through a combination of energy efficiency, onsite and offsite renewables and carbon offsets.

Emissions from our Office and Retail portfolio form the majority of our Scope 1 and 2 emissions. To date, we have achieved a 19% reduction in emissions intensity (kgCO₂-e/sqm) since FY17 despite a 43% increase in footprint. The reductions have been achieved through energy efficiency initiatives and portfolio movements. A portion of the reductions is due to lower occupancy in the Office sector, and a milder summer compared to previous years. We are now on a pathway to deep reductions through:

- Procurement of off-site renewable electricity for our Office sector from July 2021, which will result in >65% reduction in our emissions;
- Our Retail sector committing to achieve Net Zero by FY25; and
- Incorporating electrification and climate friendly refrigerant programs into our strategic asset plans.

We have commenced designing for Net Zero in operations in our Office developments. For example, 60 King William Street, Adelaide SA was designed to be highly energy efficient with a 5 Star NABERS Energy rating, fossil fuel free through an all-electric mechanical central plant, climate friendly refrigerants and powered by renewables.

Dual reporting on emissions added

In FY21, we introduced dual reporting on emissions in line with international best practice methodology. We have retained the location-based method, which is consistent with the National Greenhouse and Energy Reporting (NGER) Act and reports emissions in the context of the emissions intensity of the electricity grid at the location. We have also introduced the market-based method, which reports emissions in the context of different electricity products and markets, including voluntary retirement of renewable energy certificates. This method reports lower emissions as it recognises the ActewAGL supply of net zero electricity in the ACT and the procurement of offsite renewables for our Industrial portfolio and a select number of office assets. The electricity accounts within our operational control in the Industrial & Logistics portfolio were supplied with 100% renewable electricity in FY21.

1. Scope 2 emissions for Industrial & Logistics relates to common area security lighting at a number of assets.

2. The graph is a visual representation of Charter Hall carbon emissions and is based on coverage by area rather than actual carbon emissions.

Scope 2 carbon emissions

	Scope 2 emissions (tCO ₂ -e) location based	Scope 2 emissions (tCO ₂ -e) market based
Office	57,211	53,825
Shopping Centre Retail	24,156	23,334
Diversified	967	914
Industrial & Logistics ¹	115	-
Total	82,449	78,073

Energy efficiency

We measure improvement in energy efficiency through the NABERS Energy industry benchmark. This year, we exceeded our FY25 targets for NABERS Energy performance with 5.0 Star NABERS Energy weighted average rating for our Office assets, and 4.6 Star NABERS Energy weighted average rating for our Retail assets over 15,000sqm.

For the Office portfolio, the 6% improvement in one year is a combination of permanent reductions through the roll out of data analytics software within the portfolio, and temporary reductions due to lower occupancy from COVID-19.

Moving forward, we will prepare new NABERS targets for the portfolio with consideration for the upcoming changes in methodology, as well as expanding NABERS Ratings to Retail assets less than 15,000sqm.

Weighted average NABERS Energy ratings

	FY17	FY18	FY19	FY20	FY21
Retail	3.7	3.9	3.9	4.1	4.6
Office	4.4	4.5	4.6	4.7	5.0

Clean energy

To date 41MW of solar has been rolled out on our assets, of which 20MW was installed this year. Over 50% of the solar is on our Shopping Centre Retail assets, supplying to our major tenants or contributing to the renewable within the electricity grid.

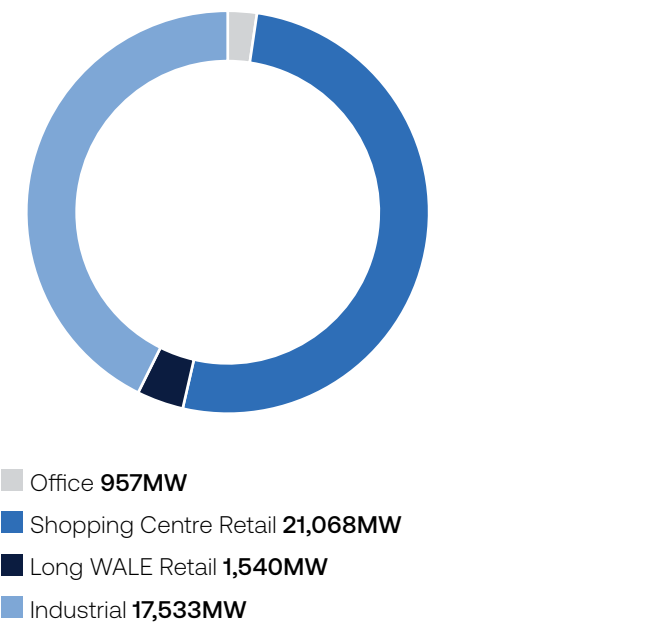
In FY25, the solar generated from the Shopping Centre Retail assets will supply the Retail portfolio, achieving 100% renewable electricity. Over 40% of the solar is installed on our Industrial & Logistics assets, which supplies our tenants.

During FY22, we are expanding the roll out of solar on our Industrial & Logistics assets. Our Social Infrastructure assets includes 350 childcare centres, and we are exploring opportunities to install solar across this portfolio.

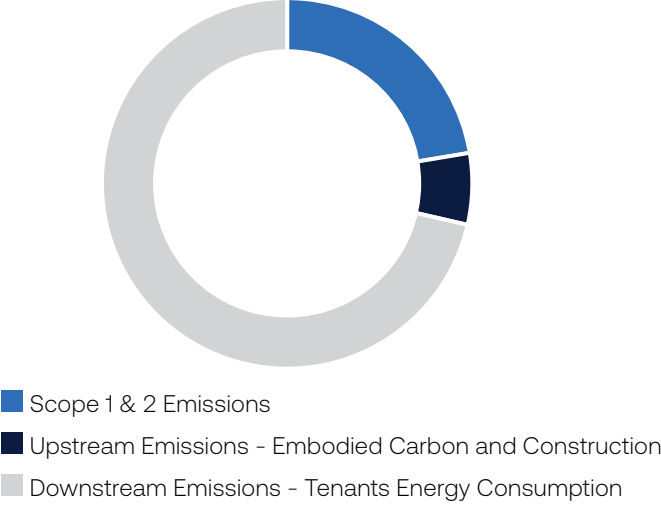
During FY21, we developed and commenced implementation of our renewable electricity strategy. The strategy has resulted in:

- 100% offsite renewable electricity supply to the Industrial & Logistics portfolio within our operational control, resulting in Net Zero Scope 2 emissions;
- Securing >54GWh per annum offsite renewable electricity supply to the Office portfolio from 1 July 2021; and
- Plans to engage the market during FY22 to secure a Power Purchase Agreement for the long term supply of off-site renewable electricity to the portfolio.

Solar installed by sector



Carbon emissions²



Scope 3 emissions

Charter Hall has made significant progress towards Net Zero Carbon in operation for Scope 1 and Scope 2, we are focused on investing in both onsite and offsite renewables and actively working on transitioning way from fossil fuels in new and operational assets. 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.

For our downstream emissions, we are working proactively with our tenants to reduce their energy related emissions.

- We will continue to explore opportunities for additional solar power for our assets, with a focus on the Social Infrastructure and Industrial & Logistics sectors;
- We have partnered with our Industrial & Logistics customers on LED lighting and skylights programs to improve energy efficiency; and
- To understand our full footprint, we have commenced data sharing arrangements with major tenants as well as rolling out sub-meters in our Industrial & Logistics portfolios.

- For our upstream emissions, this year we have piloted:
- Zero upfront emissions at two separate childcare developments within our Shopping Centre Retail precincts at Wanneroo and Secret Harbour, WA. Through a comprehensive life cycle assessment we identified the embodied carbon and construction emissions and offset through Australian Carbon Credit Units (ACCU) created at the Paroo River North Environmental Project. The Paroo River North Environmental Project supports regeneration of native forest growth improving habitat for native wildlife as well as providing alternative revenue streams for landholders and Traditional Owners; and
 - Climate Active Certified Construction Services at 140 Lonsdale Street, Melbourne Vic where the construction emissions were offset by Australian Carbon Credit Units (ACCU) created at the Colodon Native Forest Project, Qld which is regenerating 3,000 hectares of natural woodland.

Looking forward, we have committed to developing a Scope 3 emission goal aligned to science-based target methodology. We will be engaging with our tenants and suppliers, and will be seeking opportunities to partner to accelerate the transition to the low carbon economy.

Retail Clean Energy Program

Over the past four years, we have focused on increasing the role that solar energy and battery storage technologies play in reducing emissions in our Retail portfolio.

In 2018, recognising that solar is not a core capability, we sought out leading industry experts and formed active partnerships to deliver solar energy to our Retail customers. We installed our first solar array at Singleton Square in NSW, and the following year we completed an investigation on a renewable energy solution across the Retail portfolio.

In 2020, strategic partnerships enabled us to generate 18 GWh per annum of solar energy across 14 of our assets, helping us to manage energy costs and create clean energy. In 2021, a further 14GWh of solar was generated through another 14 centres.

The result is an innovative approach to solar that has seen us negotiating a solar power purchasing agreement¹ (PPA) with our partners, Clean Peak Energy and Solgen Energy Group in conjunction with Macquarie Group. This has enabled the design, regulatory approval, installation and ongoing operation and maintenance of solar energy systems on our centre roofs.

These partnerships have enabled rapid deployment of solar energy and battery storage at our shopping centres and secured stable energy pricing for around 40 percent of each site's electricity demand over the next decade. Our Retail portfolio also benefits from rooftop rental income and a reduced cost of energy purchased at an agreed rate.

We are also strategically managing our energy through the procurement of fixed term energy contracting and through progressive procurement. These procurement initiatives are being completed in alignment with other sectors within Charter Hall. In addition, each Retail centre is currently providing embedded power to tenants, capturing Scope 3 emissions for our climate target.

Program benefits

We have witnessed many benefits of our program including:

- Emission reductions provide a positive impact to our communities and their environment;
- Fixed lower energy costs remove the volatility of the energy spot market to provide a stable financial position for our investors and stakeholders;
- Lower cost of energy enables us to offer discounts to embedded network retail customers; and
- Solar PPA & Battery systems enable us to remove grid reliance.

Key learnings from our solar program

Over the last 4 years, we've also acquired new knowledge, accessed better technology and discovered more effective ways of operating, including:

- The solar panels used now are 20% more efficient compared with those used early in the project and can provide larger consumption for the same roof space;
- Our planning better accounts for the varying legislation requirements of States and Territories in approving both solar and battery installations;
- Working with the network operators upfront on connection designs has been critical to avoiding most of the delays experienced in network connections;
- We've found that early consultation with network operators is crucial, as HV sites can require additional design conditions and can be expensive to connect to;
- Due diligence on roof condition and switchboard infrastructure is critical; and
- Removing solar panels is expensive, so gaining early understanding and planning for future property usage and development can save considerable costs.



From top:

Gateway Plaza, Leopold Vic

Bribie Island Shopping Centre, Bongaree Qld

Singleton Square, Singleton NSW

1. A PPA is a contractual agreement between energy buyers and sellers, whereby they come together and agree to buy and sell an amount of energy which is (or will be) generated by a renewable asset.



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Social

Responding to our key material issues

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

Social

Responding to our key material issues

Community and social inclusion

For Charter Hall, community and social inclusion involves supporting and contributing to the prosperity of local communities, promoting social inclusion of vulnerable groups; and creating opportunities for the economic uplift of young Australians, those with disability, indigenous peoples, and others in need.

Throughout the year, we continued to help build inclusive and sustainable communities for our customers, tenants and those connected to our assets. Our commitment to creating safe, open and inclusive environments aligns with several of the [UN Sustainable Development Goals](#). Highlights this year include:



Social investment

We have invested in more than 100 organisations and given back to communities most in need. We use the Pledge 1% framework to measure our social investment in communities. Our commitment is to donate one per cent of our people’s time, provide one per cent of space in our buildings for community activities, and donate one per cent of profits to community partners driving social improvement.

This year, that one percent added up to 1,200 hours of volunteer time (35% of our people participated in a year impacted by COVID-19 restrictions), 41,000sqm of space for community activities and \$739,000 in donations. More details can be found [here](#).

Social enterprise partnerships

With the onset of COVID-19, we have been focused on creating meaningful, long-term employment for young people. This demographic has been identified as the most vulnerable to unemployment and underemployment resulting from the pandemic. This year, we partnered with four State-based social enterprises to create 1,200 meaningful employment opportunities. These innovative programs included [Dismantle](#), [White Box](#), [Green Collect](#) and [Kick Start](#). More information on these programs is found [here](#).

Social procurement

This year, for the first time, we have been working with our supply chain to create social value. Our initiatives included a contract with [Two Good Co](#) to supply our Office properties with end of trip facilities. Our support of this organisation has created jobs for survivors of domestic violence and supplies for shelters in Australia.



Mental health

We formed a community partnership with [Healthy Heads in Trucks and Sheds \(HHTS\)](#) to promote prevention and understanding of mental health issues in the road transportation and logistics industries. The Foundation aims to build a safe, healthy and thriving environment for truck drivers, distribution centre and warehouse employees, and other road transport industry members.

Reconciliation Action Plan (RAP)

In FY21, we developed our inaugural RAP as one of several initiatives to support indigenous communities. Our RAP is currently under review by [Reconciliation Australia](#), for launch in early FY22.

Homelessness

We continued our platinum sponsorship of the [Property Industry Foundation \(PIF\)](#), which provides national support to homeless and under privileged youth.

The money raised through PIF goes towards building housing for disadvantaged young people and supporting over 20 children’s charities, many of which we also support through our developments.

Further to our sponsorship, we are actively involved on their NSW Board, and participate in PIF led industry events and volunteering opportunities.

During FY21, PIF has placed over 600 young people in safe and secure accommodation thanks to the support the property sector. PIF also have 30 more bedrooms in development to support young Australians in need.



Disaster relief

Alongside our focus on community partnerships and longer-term engagement, we recognise that certain emergencies benefit most from rapid injections of financial support. Such was the case this past year with several disasters. UNICEF Australia launched the [India COVID-19 Crisis Appeal](#) to provide assistance to those affected by the pandemic in the sub-continent. We donated \$20,000. We also donated \$50,000 to [GIVIT](#) to support ‘grass roots’ community groups to rebuild following floods. GIVIT is an online giving platform connecting corporates and individuals to charities. The GIVIT Disaster and Emergency Recovery Service is in place in the ACT, NSW, Qld and Vic to help those impacted by cyclones, floods and fire.

Other community programs

We worked with retail outlets and charities to support a range of environment and social welfare programs, details of which can be found [here](#).

Our aim looking forward is to:

- Continue to provide 1% of our profits, space and people’s time to community partners for positive social impact;
- Increase our employee volunteering to 6,000 hours in the community by FY25;
- Build 1,200 meaningful employment outcomes for young people across Australia by 2030;
- Acknowledge traditional landowners across our portfolio; and
- Grow participation of schools for NAIDOC week campaign.



“We are very pleased to work with a company like Charter Hall, which has a demonstrated commitment to improving the health and well-being of its employees and customers across sector, and working together to further build awareness of this incredibly important cause.”

Naomi Frauenfelder
Chief Executive Officer, HHTS

Customer engagement and satisfaction

Our properties serve multiple functions for our customers. They can be a place to work, to meet, to socialise, to shop and sometimes just a place to relax.

Strong relationships with our customers have always been a strategic focus for us. We continue to look for new ways to support them and actively partner with them to provide inventive solutions to meet their exact needs. We see these businesses as more than tenants. Our relationships are a true partnership, intended to better meet their property needs and driving increased tenant retention. The success of our approach shows in the high level of repeat customers – 76% of our tenant customers lease more than one tenancy from us.

This year, we undertook a full range of customer-centric initiatives across our portfolios:



Office

We continued to roll out our smart technology blueprint across our Office portfolio and further develop our award-winning tenant experience app, Charli – the largest workplace app of its type in Australia with 15,000 users. This app connects office communities with our building services programs.

We delivered virtual health and wellness programs to tenants via the Charli app through COVID-19 lockdown periods via podcasts, webinars, and forums.

We launched ‘ReCharge by Charter Hall’, our workplace community wellness program that includes lifestyle amenities such as premium end-of trip facilities and a series of health and well-being seminars, events and services.

We partnered with our tenants and with community stakeholders to ensure a smooth and seamless transition back to work across the Office portfolio. This included a communications and operational program focused on safety, health, hygiene, technology, touchless services and building management.

Every asset in our Office portfolio includes a 12-month customer engagement program, designed in partnership with our tenants, to help drive customer satisfaction and further create community through collaborative initiatives with others in the building and the surrounding community.



Industrial & Logistics

We provided programs across our Industrial & Logistics portfolio to support the health and well-being of our customers’ employees and to provide them with exceptional amenities. This includes:

- The formation of a partnership with Healthy Heads in Trucks and Sheds (HHTS) in FY21 – see more details on page 33. The overarching aim of this partnership is to build a psychologically safe, healthy and thriving working environment for our tenants’ employees – the truck drivers, distribution centre and warehouse employees, and other road transport industry members; and
- Ongoing support for Kick Start cafés to deliver a business model that is sustainable and replicable across our development projects and stabilised assets. Kick Start is an initiative of the PAYCE Foundation that provides great hospitality services to our tenants’ employees, while at the same time building hospitality skills for at risk youth looking to gain employment. Since the inception of our partnership with Kick Start in 2019, 12 trainees have graduated from the program.

In addition, we continued supporting Women in Industrial (WiN), an industry initiative for women in the industrial property sector. WiN aims to promote the sector as a career path for women, increase female participation in the sector, provide networking opportunities; and actively promote the achievements of women.



Retail

In all, 16 local community initiatives were delivered in FY21 across our retail centres.

In partnership with Cara, one of South Australia’s leading disability service providers and Woolworths, Big W and Tony & Marks, Brickworks Marketplace re-introduced ‘Quiet Hour’ in June 2021. This initiative creates an inclusive shopping experience for those who have sensory-based disabilities.

In response to the devastating WA bushfires and effect on native animals, \$4,000 was donated to Native Animal Rescue via the ‘Home Tweet Home’ initiative.

\$12,000 in gifts and in-kind donations were made to support women impacted by domestic violence.

Looking ahead, in the coming year we are planning to:

- Grow awareness of HHTS across our tenant customer portfolio;
- Create opportunities and amenity that focus on well-being initiatives in our developments;
- Expand our Kick Start partnership; and
- Implement the Commercial Code of Conduct relating to rent relief in all impacted states.

Employee engagement and satisfaction

A key part of our business ethos and strategy is creating a culture and working environment which enables employees to feel fulfilled in their roles and give their best.

Our approach includes values-driven leadership, accountability and transparency, recognition, flexible workplaces, learning and development, privacy, and health, safety and well-being. This year, those things have proven to be more important than ever.

However, there’s always room for improvement. Our annual employee survey is used to measure our culture and engagement, to provide us with a deeper level of insight into the structures, systems and capabilities that influence the way we work with each other and our customers. These insights are reported and monitored annually to the Board, as well as cascaded into the business via our Executives and their divisional leadership teams. Key areas for improvement, as well as opportunities to leverage, are built into annual manager and employee performance measures such as leadership, culture and collaboration. Divisional action plans track progress against key culture and engagement measures.

In our recent Culture Survey (June 2021) our people told us that they felt supported and cared for by their managers and teams; that we provided support during times of uncertainty and that we kept each other motivated and moving forward. Overall, these results reflected a workplace that cares about its people, customers and communities.

Strong engagement

In the past year we achieved the following in relation to employee engagement:

- 100% of our people received performance and career development reviews;
- We achieved an engagement score of 90% with a 95% response rate;
- 95% of our people recommend us as a good place to work;
- We were recognised in AFR BOSS awards as one of 2021’s Best Places to Work;
- We were awarded the WGEA Employer of Choice for Gender Equality and recognised as an industry leader for initiatives around gender equality;
- We continued to grow our network of allies and LGBT+ employees nationally to feel empowered to bring their best and whole selves to work, and moved up in the Australian Workplace Equality Index;
- We celebrated First Nations cultures with naming, design and placemaking; and
- As part of the Australian Network on Disability, we offered awareness modules for employees and undergraduate employment opportunities.

Investing in and enabling learning and development (L&D) is not just about getting better business outcomes in terms of creating efficiencies and enhancing customer outcomes. It feeds directly into employee engagement and satisfaction, improves employee retention and reduces absenteeism. It also enables us to tap into our peoples’ intrinsic desire to be their best. We have an implicit understanding with all our employees that building their capabilities and supporting professional growth is as important to our success as it is to theirs.

Aiming to excel

We are committed to lifelong learning to support our people to grow and develop. This commitment is driven from the very top – a standing item in our regular board and Executive Committee meetings.

Our Executive Committee and senior leaders are accountable for embedding a culture of lifelong learning through performance measures related to leadership, culture and collaboration. L&D progress and outcomes are captured through our Human Resource Information System, Workday, with real time reporting for managers and our People Team. Through this we are able to gauge how effectively our people are moving forward.

In 2020, we launched our ‘Learning’ platform, an integrated, personalised learning tool for everyone to develop current and future skills and capabilities aligned to their development goals and career aspirations. This past year our L&D efforts specifically focused on developing future capability and the skills to thrive as our business evolves. We also continued to embed a culture of continuous learning with a blended, technology-based learning approach.

Looking ahead we are planning to maintain or enhance our 90% employee engagement level in FY22.

Health, safety and well-being

Maintaining the highest standards for 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 occupational health and safety management systems, to identify and mitigate work-related hazards and to provide health and safety training.

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 well-being initiatives for our people.

Obviously, the biggest health and well-being issue confronting our business and most other organisations in Australia has been the seemingly unrelenting impact of COVID-19. Our responses have been around implementing measures and supporting our customers, communities and people to work safely in our buildings. This includes providing internal health services for our people that address their physical and emotional well-being.

For our people, we:

- Revised our Work Health & Safety Management System (WHSMS) to better align with our values and increased business scope. Training is currently underway for all our employees; and
- Recorded a lost time injury and lost time injury frequency rate of zero, and a total recordable injury frequency rate of 1.11.

For our customers, we:

- Supported our tenants during the current pandemic with rent relief, hygiene initiatives, adaptation of digital engagement and support with returning to the workplace;
- Achieved a WELL Portfolio rating across more than 900,000sqm of office space, benefiting >38,000 tenant customers; and
- Achieved a 4.48 Star NABERS Indoor rating for the Office portfolio. This relates to the health and comfort of indoor environments for our tenants.

Equipping people to adapt

In terms of nurturing well-being, providing our people with the resources and tools they need to approach each day with confidence and safely adapt to new working conditions has been crucial in helping those we care about better navigate uncertainty. This year, we organised the following:



“By design, the WELL Portfolio program collaborates with organisations that are on the leading edge of the movement to advance health and well-being at scale. We are so pleased to see the program’s scalable nature effectively supports Charter Hall’s vision to evolve its culture of health by transforming portfolio-wide assets through health and well-being strategies that benefit 40,000 people.”

Rachel Hodgdon
President and CEO, IWB

Black Dog Institute ‘Managing for Team Well-being’ sessions, focusing on skills to identify and address mental health challenges;

- Our Banksia Project ‘Connection Room’ program, where our people could join a safe space to share personal stories and tips on coping strategies;
- ‘Financial Well-being’ sessions on wealth creation and protection;
- ‘Managing for Team Productivity’ and ‘Well-being for Kids’ resources and activities;
- We updated our Domestic Violence and Mental Health approach to allow for alternate work locations, more flexible hours, and safe site access;
- We implemented new technologies to support safe return to our offices; and
- We supported our employees in NSW and Vic through prolonged lockdowns with 10 days personal leave for home-schooling.

Our people are the best barometer of our success in well-being, and they provided the following feedback:

- 83% of our employees agreed we promote a healthy work environment, 18% above the Australian norm.
- There was a 35% uptake of home-schooling leave in response to COVID-19; and
- 76% of our employees were favourable on our well-being approach, 14% above the Australian norm.

Looking ahead, for our people we are planning to:

- Implement new incident management software to ensure consistent data capture across the Group; and;
- Train our employees on our new WHS Management System and Framework; and develop a Training Needs Analysis and Training Register.

In terms of our customers, we are planning to:

- Improve the WELL Portfolio rating across the Office portfolio and expand into acquisitions (WELL is an independent rating system).

Wesley Place:
regeneration through
active partnership

Wesley Place has become a new cultural landmark for Melbourne. Designed to transform the way people work, connect, and socialise, this commercial precinct aims to merge business with lifestyle.

Consisting of one Premium and two A-Grade commercial towers at 130, 140 and 150 Lonsdale Street, each tower offers diverse spaces and cutting-edge technologies to deliver a multitude of experiences and an authentic sense of place.

An innovative partnership with the Uniting Church

The project was undertaken in partnership with the Uniting Church. It included the restoration of five heritage buildings on the site (including the Wesley Church). In addition, we delivered a range of social and economic outcomes for the Church, including establishing a long-term maintenance fund for the Church and surrounding heritage buildings; providing the charity arm of the Church with a rent-free space in the Tower; and availing the Church of three levels of office accommodation at 20% below market rents and with a fully integrated fit out.

The approach to the development has enabled Wesley Place to retain its position as a historical and cultural sanctuary in the heart of Melbourne. Four of the five restored heritage buildings have been repurposed for amenity and wellness use.

We also created a heritage trail around the site, with an audio trail that covers Wesley Place’s great historical, architectural, and social significance. During the construction phase of Wesley Place, we established a community reference group to connect the project team with neighbouring residents, business owners, City Council, and community members. These sessions provided a forum for community members to be involved in the development approach.

The Wesley Place team also engaged a mix of Indigenous and local artists for eight art installations located around the precinct, creating a unique home for public art around the precinct.

A busy program of events

In FY21, Wesley Place hosted a series of community events, including a ‘Summer Series’ in the public realm which was designed to activate and invigorate the precinct through live music, lawn games, relaxation and healthy treats. The series ran for three consecutive weeks, each with a different theme.

We also partnered with City of Melbourne for Wesley Place to become one of only three CBD locations for their Melbourne Knowledge Week program. Knowledge Week is a weeklong, annual event which celebrates the ambitious innovators and problem solvers and allows our community to look into the future. The technology-infused and sustainable event provided a place where the public could gather to hear from speakers on a range of topics. It also included sculptures and art, seminars, and a market stall.

To acknowledge World Environment Day on 5 June, part of Wesley Place was transformed into a ‘Woodlands’ space featuring native trees and activations that showcased the commitment that Wesley Place, Charter Hall and our tenant customers have made to sustainability and the environment. In line with Wesley Place’s ethos, the event promoted sustainability, technology, ethics, futurism, health and well-being, entrepreneurship, innovation, creativity and design.

Other activities over FY21

- A Christmas charity drive for charities aligned with our tenant customers.
- A flower auction where the flowers within the foyer are auctioned off each week, and the money is gifted to a different charity each month.
- Sales from the vending machines within the EOT facilities are passed on to a different charity each quarter.
- Hosting 360 Year 7 students in March 2021 for a service and site tour. They had lunch within the green space, then toured the site and the heritage trail.

Wesley Place was an ideal venue for these activities as its planning, design, construction, and utilisation reflects much about Charter Hall’s ethos as to how ESG considerations should be embedded in such developments.

For us, Wesley Place is an expression of what we value and how we want to see future developments evolve – places that become focal points for culture, community, and social benefit.

“Our approach has enabled Wesley Place to retain its position as a historical and cultural sanctuary in the heart of Melbourne. Four of the five restored heritage buildings have been repurposed for amenity and wellness use.”



Wesley Place, Melbourne Vic
Images Credit: City of Melbourne – Melbourne Knowledge Week 2021

Caring for our people in a challenging year

In addition to our existing wellness program, we implemented a range of initiatives to address the physical and mental health of our people during periods of isolation and in the transition back to their offices.

Wellness, positivity, resilience and support have been front and centre in enabling our people to better cope with the unique and unprecedented challenges presented by the pandemic and its consequences.

Our support measures included:

- Delivering an internal communications campaign to engage our people in ways that worked best for them;
- Creating a new intranet where employees self-access leadership articles, technology 'how to' guides, physical and mental well-being resources;
- Expanding our video conferencing and team sharing capabilities to host 'fireside chat' Q&A sessions with our Executive and CEO;
- Facilitating an early return to the office with a structured 'buddy' plan for those suffering from acute mental health challenges following isolation;
- Providing an allowance for our people to set up their home working space;
- Launching a targeted VIC Lockdown well-being calendar – which included virtual trivia sessions, virtual yoga, home delivered breakfast, and virtual cocktail-making classes;
- Enabling our Victorian team to access 10 days of extra personal leave when the second lockdown was announced; and
- Curating virtual experiences for school age children while their parents were working from home. These included storytelling, still life drawing sessions and cooking classes.

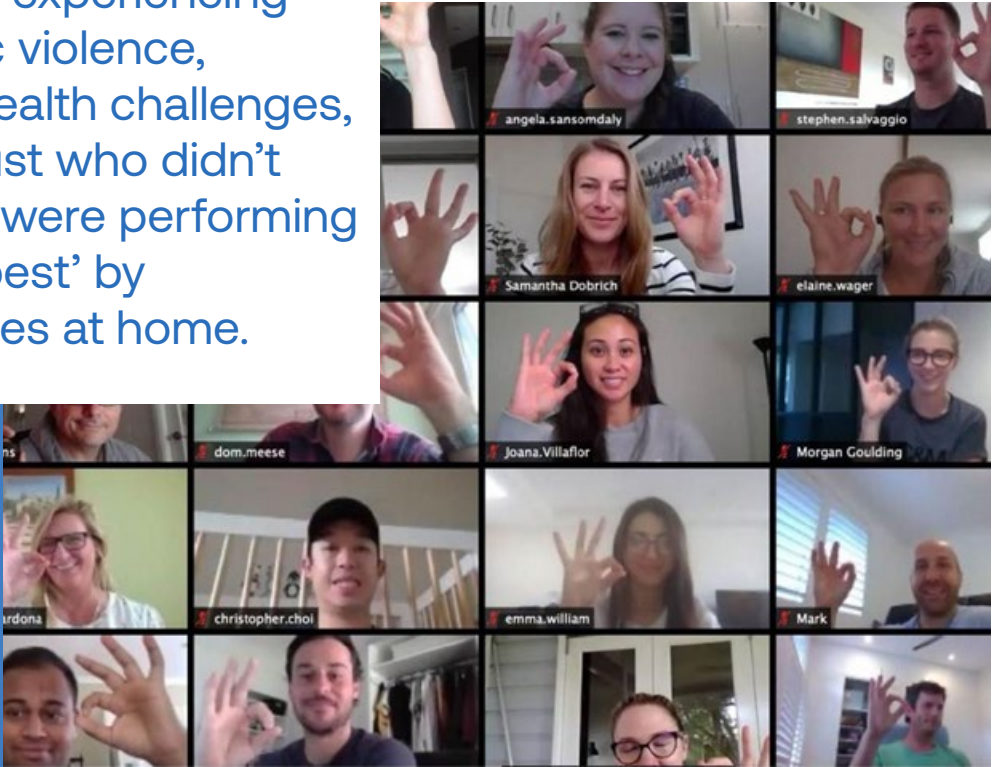
When people were able to re-enter our workspaces, we provided guidance, in line with the State and national health advice, on returning to the workplace. For example, we shared live streamed videos that took our people on a virtual tour around our office to 'show' how our space had evolved with social distancing and square metre restrictions.

We undertook several surveys during this time to better understand how we could support them with transitioning to home, staying well and productive at home, and transitioning back to the office. This ensured our approach was always responsive to what our people needed.

Together, these actions enabled us to return in July 2021 at 75% of our capacity, well before many other businesses.



We recognised it was important to help those who were struggling remotely, experiencing domestic violence, mental health challenges, or who just who didn't feel they were performing 'at their best' by themselves at home.



Dancing for Country

For NAIDOC Week 2021, our Retail business, in partnership with author Maree Yoelu (McCarthy), created a 12-page children's storybook.

Maree is a Wadjigany woman, from the western Wagait region in the Northern Territory. The concept for the story specifically speaks to the 2021 NAIDOC Week's theme of 'Heal Country', and is titled 'Dancing for Country'.

In total, 14 of our shopping centres reached out to students across 60 local schools, including Indigenous schools within the community, to design the illustrations to feature in the storybook. The artworks were displayed in-centre, and we received over 10,000 votes from our communities for their favourite designs.

We also held a series of 'Dancing for Country' events to celebrate NAIDOC Week and the launch of the storybook. At our Brickworks Marketplace, near the beautiful River Torrens, we held a NAIDOC Dancing for Country awards presentation and Smoking Ceremony. Students from six local school were thrilled to find out their illustrations

had been chosen to be part of the Dancing for Country story book.

Our Dancing for Country partnership is just one example of the many initiatives that have been taking place across our business over recent years to celebrate and embrace First Nations' cultural knowledge and understanding of Country.

This year we worked on our reconciliation strategy to guide the development of our Stage One: Reflect Reconciliation Action Plan (RAP), a strategic document that will drive our contribution to reconciliation both internally and in the communities we operate. Our RAP has been conditionally endorsed by Reconciliation Australia and will launch in early FY22.

'Dancing for Country' is available for everyone to enjoy [here](#).

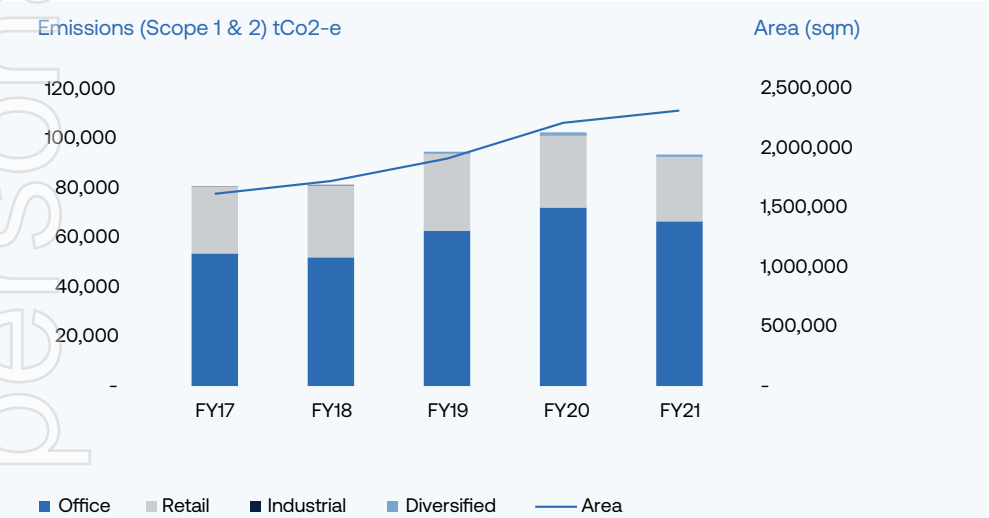
Non financial data

This year we consolidated our sustainability data into a comprehensive ESG Databook. We then extracted key trend data to present here as an overview of our performance against key metrics for the year to 30 June 2021. More detailed information from the Databook is available [here](#).

Environmental data

Emissions

We report our Scope 1 and 2 emissions according to our operational control boundary under the National Greenhouse and Energy Reporting (NGER) Act. Scope 1 emissions are inclusive of diesel, gas and refrigerant reportable under NGER. Scope 2 emissions are from the consumption of purchased electricity. Emission factors for Scope 1 and 2 emissions are sourced from the NGER Measurement Determination. Consumption data for electricity and gas is sourced from invoices, and where invoices are missing, we accrue based on previous years consumption. Diesel data is sourced from top up volumes and refrigerant is based on total volume, with emissions calculated using the default leakage rate.



For FY21 the total Scope 1 emissions are 11,421tCO²-e, and total Scope 2 emissions are 82,449tCO²-e. This is a **5.5% reduction against last year**, largely due to reduction in electricity consumption.

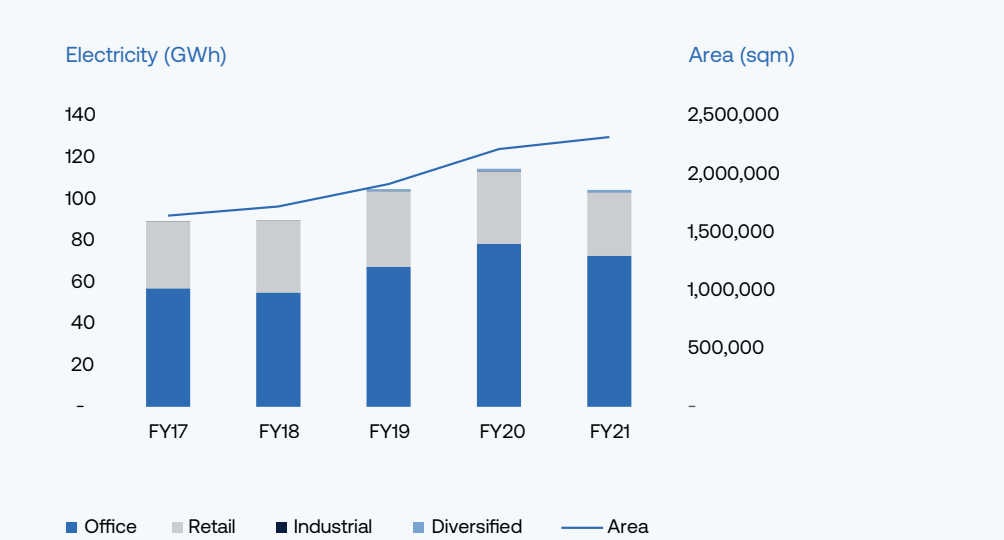
Over the past 5 years, Scope 1 and 2 Emissions has **increased by 16.3%** driven by the **43% expansion in the portfolio footprint**.

For more details see the [Databook](#).

Electricity

We report total electricity consumption inclusive of electricity from the grid, on-site renewables and electricity consumption from cogeneration and trigeneration. The Retail Power Purchase Agreement generates renewable electricity on our assets, however this is supplied to the grid and the renewable electricity is not recognised in our accounting methodology.

We manage an embedded network in a number of our retail shopping centres and offices in Queensland and Western Australia. The consumption associated with these networks is not included.



This year there was an **8% decrease in electricity consumption compared to last year** driven by:

- Reduced occupancy in offices due to COVID-19;
- Cooler summer conditions and improved air quality in 20/21 resulted in less electricity consumption to operate air conditioning; and
- Roll out of building analytics (CIM) contributing to improved control of mechanical plant. This reduced consumption in the Office portfolio.

Since FY17 there has been a **17.6% increase in electricity consumption, driven by a 43% expansion in the portfolio footprint**.

Utilising the Market Based Methodology, we recognise that **21% of our portfolio** was supplied with renewable electricity. During FY21 all of the electricity supplied to the Industrial & Logistics portfolio in our operational control was sourced from off-site renewable electricity.



Electricity generation

Total on-site electricity production was:

	Total kWh
Solar electricity production	404,003
Cogeneration/trigeneration	1,152,662
Total	1,556,665

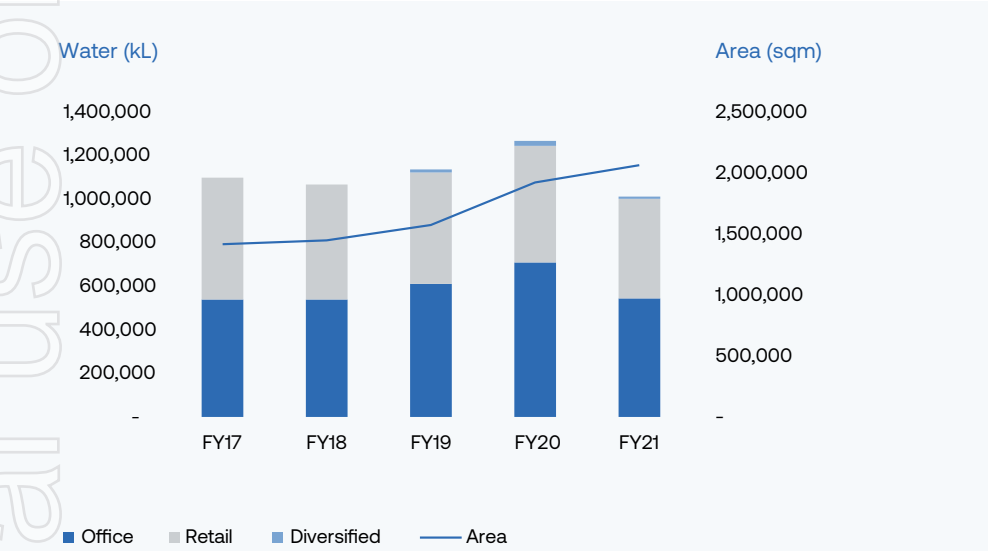
We only report on electricity generation in our operational control, and excludes the electricity generation on our Retail assets that form part of a PPA, cogeneration system at 990 La Trobe, Melbourne which operated by others, and electricity generation from solar that is operated by our tenants.

For more details see the [Databook](#).

21-25 Nile Street,
Port Adelaide SA
6.0 Star
NABERS Energy
5.5 Star
NABERS Water

Water

Charter Hall collates water consumption for all our Office, Retail, Diversified and Industrial & Logistics portfolio. The consumption data is sourced from invoices, and where there are data gaps consumption in accrued based on the previous year. Our total potable water consumption was 2,497,377kL, an increase of 13% against last year. For the Retail, Diversified and Office portfolio the total potable water consumption was 1,089,672kL.



- This year there was a **17% decrease in potable water consumption compared to FY20, driven by:**
- Lower occupancy in offices, with 30% average vacancy rate due to COVID-19 stipulations;
 - Customers spending less time in shopping centres due to COVID-19; and
 - A cooler and wetter summer in 20/21 meant less demand on potable water for irrigation in Retail centres and for cooling in Office buildings.
- Since FY17, there has been a **1% reduction in potable water consumption, despite a 43% increase in floor area.**

In FY20, we commenced reporting on water consumption of our Industrial & Logistics portfolio. Charter Hall does not have operational control over tenant water usage and therefore does not actively monitor water consumption. The increase in water consumption is due to an increase in footprint of the portfolio.

Industrial water		
	FY20	FY21
Water (kL)	886,111	1,407,705
Coverage (sqm)	2,609,036	3,081,191
% of Sector	46.5%	46.8%

Waste

Waste data is collected at Retail and Office assets. Where possible, we weigh the bins collected to obtain accurate measure of waste. Where it is not possible, we estimate waste quantities based on the number of bins collected.

Within Office we have rolled out organics at 62% of sites and Simply Cups to recycle coffee cups at 35% of sites. 10 and 12 Shelley Street, Sydney achieved greater than 95% of waste diversion from landfill. We are taking these learnings into account in our roll-out of waste initiatives at other locations.

Within Retail, we have implemented anaerobic digestion at three properties with large food courts. We have partnered with our tenant customers on food donations and we are currently exploring other opportunities to increase diversion of organics from landfill.

There has been a reduction in overall waste volumes during FY21 due to lower occupancy in Office buildings and a higher proportion of takeaway customers at Retail properties due to COVID-19. We have also observed a negative effect on diversion rates linked to COVID-19 in the Office portfolio, through changes in cleaning management regimes and tenant behaviour.

Waste by disposal method (tonnes)						
	Retail			Office		
	FY19	FY20	FY21	FY19	FY20	FY21
Landfill	4,778	4,847	4,991	3,069	3,529	2,675
Waste to energy ¹	1,250	1,849	1,395			
Incineration						37
Recycling & reuse	1,919	2,451	2,635	1,459	1,450	1,214
Recovery ²			1,664			5
Total	7,947	9,147	10,686	4,528	4,979	3,931
Total diverted from Landfill	24%	27%	40%	32%	29%	31%

For more details see the [Databook](#).

1. Waste to Energy refers to incineration with energy recovery, and is not considered to be recycled or reused.

2. Recovery includes cooking oil and grease trap waste which is treated for reuse or composted.



990 La Trobe Street, Docklands, Melbourne Vic

6.0 Star NABERS Energy

6.0 Star NABERS Water

Asset ratings and certifications

We align our building performance against national and international standards. Our certifications against NABERS Energy, NABERS Water, NABERS IE, Green Star Design and As Built and WELL are provided per asset in the [Databook](#).

Corporate emissions

Our corporate workplaces consumed 338MWh of electricity during FY21, with 6% reduction directly linked to lower occupancy due to COVID-19.

Emissions from air travel was 159tCO²-e this year, a decrease of 80% from last year, due to reduced corporate travel related to COVID-19 restrictions.

	FY19	FY20	FY21
Electricity (kWh)	386,196	360,010	338,552
Scope 2 tCO ² -e	316	292	276
Scope 3 tCO ² -e (Air travel)	1,282	778	159

Social data

Our people have shown extraordinary resilience through this challenging year, and we have continued to look for ways to improve wellbeing and build a culture that our people are proud of.

While this work is ongoing, we have achieved some significant milestones in FY21. This included 90% employee engagement with a 95% participation rate, awarded an Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency (WGEA), ranked as a finalist in the AFR Best Places to Work, and being one of the first organisations globally to achieve a WELL Portfolio Score from the International WELL Building Institute (IWBI) for our work on enhancing wellness in buildings for our employees and tenant customers.

Despite the uncertainty in the external environment, we maintained our performance outcomes in relation to our employees in FY21, and were proud to retain our workforce with no redundancy losses as a consequence of COVID-19. Our diversity and inclusion measures have been sustained and we saw an increase in the uptake of parental leave across both genders, with 35% of our parental leavers being male (compared to 14% in FY20). We continued our focus on recruiting female talent into the business, representing 65% of all new hires in FY21 (compared to 56% in FY20).

All data as at 30 June 2021 - numbers same as Board reporting, no contingent workers, casuals or board members included in normal numbers (only permanent and fixed term contractors unless otherwise indicated).



1. FY21 numbers include both Executive and Non-Executive Directors in order to align with that disclosed in Charter Hall's Corporate Governance Statement. FY20 and FY19 numbers only include Non-Executive Directors.

2. Average of full time fixed remuneration only. Excludes employees who prefer not to say to maintain confidentiality.

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

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

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

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

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

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

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

10. In FY21 Charter Hall enabled employees to access personal leave for homeschooling when in lockdown.

Gender diversity

Board composition by gender (NED)	FY18		FY19		FY20		FY21 ¹	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Male	3	60%	4	67%	4	67%	5	71%
Female	2	40%	2	33%	2	33%	2	29%
Total	5	100%	6	100%	6	100%	7	100%

Remuneration ratio by gender ²	FY18		FY19		FY20		FY21	
	Female	Male	Female	Male	Female	Male	Female	Male
Executive	0.76	1.00	0.65	1.00	0.63	1.00	0.72	1.00
Senior Management	0.81	1.00	0.79	1.00	0.73	1.00	0.74	1.00
Management	0.88	1.00	0.87	1.00	0.81	1.00	0.81	1.00
Senior Professional	1.03	1.00	1.01	1.00	1.00	1.00	0.98	1.00
Professional	0.90	1.00	0.87	1.00	0.89	1.00	0.91	1.00
Support	0.85	1.00	0.86	1.00	0.87	1.00	0.87	1.00

Headcount by job band and gender	Senior Management		Management		Senior Professional		Professional		Support	
Male	36	70.6%	48	70.6%	76	53.5%	79	33.5%	11	16.9%
Female	15	29.4%	20	29.4%	66	46.5%	156	66.1%	54	83.1%
Prefer not to say	0	0.0%	0	0.0%	0	0.0%	1	0.4%	0	0.0%

Headcount by gender ³	FY19	FY20	FY21
Male	247	257	250
Female	298	310	311
Prefer not to say	1	1	1
Total	546	568	562

OH&S

Employee recordable injury by type	FY18	FY19	FY20	FY21
Absenteeism rate	1.49%	1.23%	1.30%	1.42% ¹⁰
Fatalities ⁴	0	0	0	0
Medical treatment injuries ⁵	1	6	5	1
Lost time injuries ⁶	1	1	1	0
Employee recordable injury rate ⁷	2.7	7.2	6.4	1.1
Employee lost time injury rate ^{8,9}	1.3	1.2	1.1	0

For more details see the [Databook](#).

Employee breakdown by contract type & gender	FY19				FY20				FY21			
	Total	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say
Perm Full Time	447	225	221	1	487	238	248	1	498	238	259	1
Perm Part Time	48	4	44	0	46	3	43	0	33	4	29	0
Fixed Term Full Time	49	18	31	0	32	15	17	0	27	8	19	0
Fixed Term Part Time	2	0	2	0	3	1	2	0	4	0	4	0
Total	546	247	298	1	568	257	310	1	562	250	311	1

Employee breakdown by contract type and gender:

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

Metric boundary:

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

Contract type consists of:

– Permanent full-time

– Permanent part-time

– Fixed-term full-time

– Fixed-term part-time.

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

The above table includes performance and career development reviews completed for permanent employees and a select number of fixed term employees where they have short-term incentives in place. Given that performance reviews are finalised in June of the reporting period, the FY21 performance reviews completion rate only includes eligible employees that were still employed as at 30 June 2021. The performance review completion rate metric also excludes the following: employees that are still within their 3–6 month probationary period as at 30 June 2021; employees who have transitioned to a new role within the organisation within the FY21 period.

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

Job bands consist of:

– Senior Management comprises Managing Director, Executive Committee and Heads of Divisions

– Management comprises Senior Managers

– Senior Professional comprises Managers,

– Senior Professionals and Experienced Professionals.

Professional comprises:

– Mid-level Professionals, Team Leaders and Senior Support Staff

– Professional and Experienced Support Staff

– Support comprises Support Staff.

Non financial data

Deloitte.

Deloitte Touche Tohmatsu

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

Conclusion

We have undertaken a limited assurance engagement on Charter Hall Limited’s ‘Subject Matter Information’ disclosed in 2021 the Charter Hall Limited Sustainability Report and the Databook detailed below for the year ended 30 June 2021.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that, the ‘Subject Matter Information’ is not prepared, in all material respects, in accordance with the ‘Reporting Criteria’ as shown below for the year ended 30 June 2021.

Subject Matter Information and Reporting Criteria

The ‘Subject Matter Information’ and Reporting Criteria for our limited assurance engagement for the year ended 30 June 2021 is as follows:

Sustainability Performance Indicators (‘Subject Matter Information’)	Reporting Criteria
Total Scope 1 and Scope 2 Greenhouse Gas emissions (tCO ₂ e) – location based, page 30, 39 and 40 of the Sustainability Report and tab ‘Emissions’ of the Databook	National Greenhouse and Energy Reporting Act 2007, National Greenhouse and Energy Reporting (Measurement) Determination 2008 and related guidance, collectively referred as ‘NGER legislation’ GRI 305-1 2016 GRI 305-2 2016 GRI 302-1 2016
Total Electricity (kWh), Onsite Renewables (kWh), Offsite Renewables (kWh), Cogeneration (kWh) and Natural Gas (GJ), page 39 and 40 of the Sustainability Report and tab ‘Electricity’ and ‘Gas’ of the Databook	
Total energy production (kWh), page 39 of the Sustainability Report and tab ‘Electricity’ of the Databook	
Total Scope 2 Greenhouse Gas emissions (tCO ₂ e) – Market based, page 30 of the Sustainability Report and tab ‘Emissions’ of the Databook	Greenhouse Gas Protocol (‘GHG protocol’)
Water consumption (kL) (operational control and industrial assets), page 40 of the Sustainability Report and tab ‘Water’ of the Databook	Global Reporting Initiative’s Standard (‘GRI Standard’) 303-5 2018
Waste by disposal method - Office and Retail (tonnes); Waste diversion from landfill - Office and Retail (%), page 10 and 40 of the Sustainability Report	GRI Standard 306 2020
Total Employee Recordable Injury Rate and Employee Lost Time Injury Rate, page 41 of the Sustainability Report and tab ‘People’ of the Databook	GRI 403-9 2018
Board composition by Gender, page 41 of the Sustainability Report and tab ‘People’ of the Databook	GRI 405-1 2016
Ratio of Remuneration by Gender, page 41 of the Sustainability Report and tab ‘People’ of the Databook	GRI 405-2 2016
Workforce breakdown by Job band, Age and Gender, page 41 of the Sustainability Report and tab ‘People’ of the Databook	GRI 405-1 2016
Percentage of women in the Workforce and Senior management, page 41 of the Sustainability Report and tab ‘People’ of the Databook	GRI 405-1 2016

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Sustainability Performance Indicators (‘Subject Matter Information’)	Reporting Criteria
Employee breakdown by Contract type and Gender, page 42 of the Sustainability Report and tab ‘People’ of the Databook	GRI 102-8 2016
Percentage of employees receiving regular (annual) performance and career development reviews, by Gender and Employee category, page 42 of the Sustainability Report and tab ‘People’ of the Databook	GRI 404-3 2016

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ASAE 3000”), issued by the Australian Auditing and Assurance Standards Board.

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

Management’s Responsibilities

Management is responsible for:

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

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* in undertaking this assurance engagement.

Assurance Practitioner’s Responsibilities

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

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the ‘Subject Matter Information’ has been properly prepared, in all material respects, in accordance with the ‘Reporting Criteria’.

Our procedures included:



- Inquiries with Subject Matter data owners and sustainability report responsible management to understand and assess the approach for collating, calculating and reporting the respective ‘Subject Matter Information’ across the reporting period ended 30 June 2021
- Inspection of documents as part of the walk throughs of key systems and processes for collating, calculating and reporting the respective ‘Subject Matter Information’ for the 2021 Charter Hall Limited Sustainability Report
- Selection on a sample basis items to test from the selected sustainability performance indicators and agree to relevant supporting documentation
- Analytical reviews over material data streams to identify any material anomalies for the ‘Subject Matter Information’ and investigate further where required
- Agreeing overall data sets for the ‘Subject Matter Information’ to the final data contained in the 2021 Charter Hall Limited Sustainability Report.

Inherent Limitations

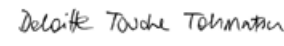
Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control there is an unavoidable risk that it is possible that fraud, error, or non-compliance with laws and regulations, where there has been concealment through collusion,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


Restricted use

The applicable criteria used for this engagement was designed for a specific purpose of assisting the directors and management in reporting the ‘Subject Matter Information’ presented in the 2021 Charter Hall Limited Sustainability Report, as a result, the ‘Subject Matter Information’ may not be suitable for another purpose.

This report has been prepared for use by directors and management for the purpose reporting on the subject matter information presented in the 2021 Charter Hall Limited Sustainability Report.

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


DELOITTE TOUCHE TOHMATSU


PR Dobson
Partner
Sydney, 23 September 2021

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