

Charter Hall Group Corporate Governance Statement

For the year ended 30 June 2019

Comprising the stapling of ordinary shares in Charter Hall Limited (ACN 113 531 150)
and units in the Charter Hall Property Trust (ARSN 113 339 147)



Our commitment to corporate governance

The Charter Hall Group is made up of Charter Hall Limited and the Charter Hall Property Trust and is listed jointly on the ASX as a stapled security under the ASX ticker code CHC (“Group” or “Charter Hall”). We focus on delivering strong and sustainable returns to our Securityholders.

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

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

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

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

Principle 1: Lay solid foundations for management and oversight

Roles of the Board and management

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

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

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

Certain matters are reserved for the Board, however there are some matters that the Board can delegate to Board Committees and management. The Board’s functions and responsibilities are set out in the Board Charter, which is available on our website in the ‘Corporate Governance’ section. The day to day management functions delegated to the Managing Director and Group CEO, and Senior Executives, are set out in the ‘Delegations of Authority’. This is an internal working document and approved by the Board.

Information regarding directors

ASX Corporate Governance Principle 1.2 – A listed entity should:

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

Before anyone can be nominated to the Board as a Non-Executive Director (“NED”), their experience and background must be reviewed by the Nomination Committee. Securityholders receive a summary biography of each Non-Executive Director who is up for election or re-election in the Notice of Meeting for each Annual General Meeting. This summary details that person’s experience and skills, details of any other directorships or interests they have that could hamper their ability to make objective judgments, how long they have been on the Board (if they are up for re-election) and whether or not the Board considers them independent. Details of Non-Executive Directors are available on our website.



You can find copies of our key corporate policies on our website at www.charterhall.com.au



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

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

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

The Managing Director and Group CEO and each senior executive also has a formal job description and letter of appointment which sets out their duties and obligations, rights and responsibilities and entitlements.





Governance framework

The diagram to the right summarises Charter Hall’s governance framework, including the functions reserved for the Board and those carried out by the standing Board Committees.

Charter Hall Board

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

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

- overseeing the Group’s purpose and strategic direction;
- monitoring the operational and financial position and performance of the Group;
- overseeing the Group’s risk management framework;
- setting the financial and informational reporting requirements from management to the Board;
- reporting to Securityholders and the ASX;
- monitoring the effectiveness of and compliance with policies governing the operation of the Group;
- reviewing and approving the annual operating budgets;
- determining distribution and dividend policy and approving distributions/dividends;
- approving decisions concerning the capital of the Group; and
- overseeing and evaluating the performance of the Managing Director and Group CEO and other Senior Executives in the context of the Group’s strategies and objectives.

Charter Hall Board

| Investment Committee (IC) | Audit, Risk and Compliance Committee (ARCC) | Remuneration and Human Resources Committee | Nomination Committee |
|---|---|--|--|
| <p>The IC considers matters as referred to it/delegated to it by the Board which may include from time to time the approval of the following:</p> <ul style="list-style-type: none">– acquisitions and disposals of entities or assets on behalf of the Group in accordance with the relevant delegated authority;– investments in funds managed by the CH entity in accordance with the relevant delegated authority;– disclosure documents for capital raisings by funds managed by the Responsible Entity; and– actions taken by management to address key risks delegated to this Committee. | <p>Key functions include to review and make recommendations to the Board on:</p> <ul style="list-style-type: none">– the internal control and accountability systems;– the financial reporting process, including significant accounting issues and judgements;– the appointment and performance of the Auditor, including the scope and effectiveness of audits;– the internal systems of risk management and control (ensuring that material business risks are identified);– compliance processes to meet legislative and regulatory requirements;– Group sustainability strategy and policies; and– actions taken by management to address key risks delegated to this Committee. | <p>Key functions include to review and make recommendations to the Board on:</p> <ul style="list-style-type: none">– the Group’s Human Resources strategy;– criteria for reviewing the performance of the Managing Director and Group CEO;– remuneration framework and policy for Senior Executives;– fixed annual remuneration and incentive outcomes for Senior Executives;– incentive plans for all employees;– any other remuneration matters that relate to executives;– remuneration policies and fees for NEDs and Committee members; and– actions taken by management to address key risks delegated to this Committee. | <p>Key functions include to review and make recommendations to the Board on:</p> <ul style="list-style-type: none">– Board size and composition;– criteria for Board membership;– appointment, induction and re-election of directors;– performance and enhancement of skills of directors through continuing education programs for directors; and– Board succession. |
| Managing Director and Group CEO | | | |
| Chief Financial Officer | Other Senior Executives | Company Secretary | |

Board Committees

There are four standing Board Committees that assist the Board to meet its responsibilities. Each Committee operates under a specific charter, which can be found in the ‘Corporate Governance’ section on our website.

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

The membership of each Board Committee this year was as follows:

| Board Committee | Membership |
|--|--|
| Audit, Risk and Compliance Committee | Karen Moses (Chair), Anne Brennan, David Clarke, Greg Paramor |
| Remuneration and Human Resources Committee | Anne Brennan (Chair), Philip Garling, David Ross |
| Investment Committee | Philip Garling (Chair), David Clarke, David Harrison, David Ross, Greg Paramor |
| Nomination Committee | David Clarke (Chair), Phil Garling, David Ross |

Committee memberships change from time to time, depending on what the Board requires and the directors’ rotation policy.

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

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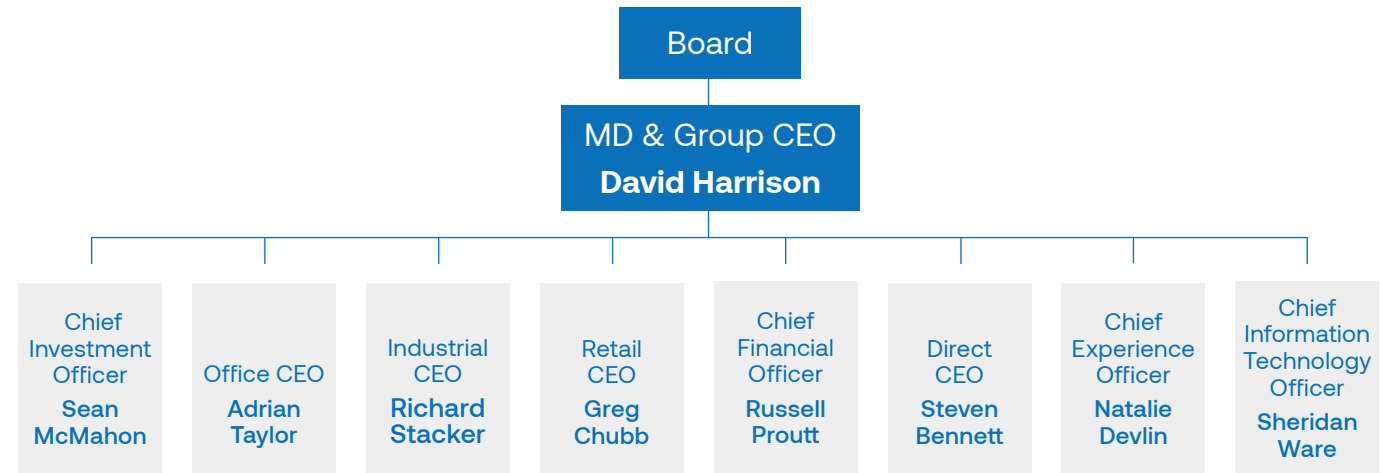
We’ll succeed based on our abilities to foster a diverse and inclusive workforce capable of delivering on our corporate goals.

Management

The Managing Director and Group CEO is responsible for the day to day management of the Group, assisted by an Executive Committee. See the diagram below for which executives report to the Managing Director and Group CEO.

The Managing Director and Group CEO must consult with the Chairman about anything they consider to be sensitive or strategic enough to warrant the attention of the Board, regardless of actual value.

The authorisation thresholds that control the expenditure and capital commitments that the Managing Director and CEO and Senior Executives can make are set out in the ‘Delegations of Authority’ document.



Company Secretary

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

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

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

All directors have direct access to the Company Secretary.

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

Diversity

ASX Recommendation 1.5 – A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee

of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;

(b) disclose that policy or a summary of it

(c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them, and either:

(i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes) or

(ii) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “gender Equality Indicators” as defined in, and published under, that Act.

People with different experiences, backgrounds and perspectives are the key to Charter Hall forging innovative solutions on the back of unique viewpoints.

Diversity is all about respecting and valuing differences in personal characteristics, whether it be

gender identity, sexual orientation, religion, disability, age or ethnicity. It requires inclusive leadership and a proactive commitment to helping everyone feel included and valued.

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

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

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

There’s a copy of our Diversity and Inclusion Policy on our website. You can see the progress we’ve made against our objectives below.

In line with the Diversity and Inclusion Policy, this year the Board has also extended gender targets to 2025:

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

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

*As per Board Approval

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

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

Board Performance

ASX Corporate Governance Principle
1.6 – A listed entity should:

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

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

Access to information

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

This information is mainly supplied by the Managing Director and Group CEO, Senior Executives and the Company Secretary. Directors can request additional information if they feel they need it to make informed decisions.

Independent professional advice

Directors are entitled to ask for independent professional advice at the cost of Charter Hall. Directors are entitled to ask for independent professional advice at the cost of Charter Hall.

Performance of Senior Executives

ASX Corporate Governance Principle
1.7 – A listed entity should:

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

The Managing Director and Group CEO and the members of the Executive Committee are considered the Group's Senior Executives, some of whom are also Key Management Personnel ("KMP").

The performance of this group is monitored using a combination of financial and non-financial key performance indicators ("KPIs").

The individual performance of the Managing Director and Group CEO is formally assessed by the Board on an annual basis. See the Remuneration Report for details of the KPIs for the Managing Director and Group CEO this year.

Executives reporting to the Managing Director and Group CEO are also assessed annually, by the Managing Director and Group CEO, results of which are then reported to the Board.

Senior Executives can participate in continuing education to update and enhance their skills and knowledge.

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



Principle 2: Structure the Board to add value

Nomination Committee

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

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

The Nomination Committee reviews and makes recommendations to the Board on the size and composition of the Board. It also assesses whether the Board has the right mix of skills. To become a Director, a person who has been nominated for election must be approved by the Board.



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



Board Skills Matrix

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

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

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

- Integrity;
- Particular expertise (sector and functional);
- How their skills complement those of the existing Board members;
- Reputation and standing in the market; and
- In the case of prospective independent directors, actual and perceived independence from Charter Hall.

The Board and the Nomination Committee use a Board skills matrix to identify any gaps in the skills and experience of the current directors in order to establish the search and assessment criteria for new directors. You can find this matrix under the ‘Corporate Governance’ section on our website.

Director independence

ASX Recommendation 2.3 – A listed entity should disclose:

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

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

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

This year, the Board was made up of:

| Period | Executive Directors | Non-Executive Directors |
|----------------------------------|---------------------|-------------------------|
| 1 July 2018 to 15 November 2018 | 1 | 5 |
| 15 November 2018 to 30 June 2019 | 1 | 6 |

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

The Board regularly assesses whether directors are independent, and each director is required to provide information about this. As our only Executive Director, David Harrison, is the only Board member deemed to not be independent.

| Name | Position | Independent (Yes/No) | Appointed |
|----------------|--|-------------------------|------------------|
| Anne Brennan | Non-Executive Director | Yes | 6 October 2010 |
| David Clarke | Non-Executive Director | Yes | 10 April 2014 |
| David Harrison | Managing Director and Group CEO, Executive Director | No | 30 August 2006 |
| David Ross | Non-Executive Director | Yes | 20 December 2016 |
| Greg Paramor | Non-Executive Director | Yes | 15 November 2018 |
| Karen Moses | Non-Executive Director | Yes | 1 September 2016 |

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

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

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

The Chairman of the Board

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

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

Our current Chair is David Clarke, an independent Non-Executive Director.

Induction Program for Directors

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

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

- An induction program for new directors;
- A formal annual performance self-assessment of the Board, Board Committees, and individual directors;
- Regular external review of our Board’s performance; and
- access for our directors to continuing education.



Principle 3: Act ethically and responsibly

Code of Conduct

ASX Recommendation 3.1 – A listed entity should:

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

We have Codes of Conduct for employees and directors that are periodically reviewed and endorsed by the Board.

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

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



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

Principle 4: Safeguard integrity in corporate reporting

Audit Committee

ASX Recommendation 4.1

– The board of a listed entity should:

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

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

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

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



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

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

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

CEO and CFO Declaration

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

In accordance with section 295A of the Corporations Act, the Managing Director and Group CEO and the Chief Financial Officer have declared that the Group’s consolidated financial statements are based on sound risk management and internal control processes and that everything is operating as it should to govern financial reporting risks. This declaration is supported by a review and sign-off process from senior managers on the key items that make up the financial risk management and control systems.

External Auditor

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

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

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

- the Auditor remain independent from Charter Hall;
- the Auditor monitor its independence and report to the Board every six months on its continuing independence;
- non-audit assignments undertaken by the Auditor are in accordance with the Policy; and
- all non-audit assignments undertaken by the Auditor are reported to the Audit, Risk and Compliance Committee.

The Auditor attends the Group's Annual General Meeting and is available to answer Securityholder questions on the conduct of the audit, and the preparation and content of the Auditor's Report.

Principle 5: Make timely and balanced disclosure

Continuous Disclosure

ASX Recommendation 5.1 – A listed entity should:

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

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

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

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

Our Company Secretary is our ASX liaison person.



You can find our Auditor Independence Policy under the 'Corporate Governance' section on our website.

You can find our Continuous Disclosure and Communications Policy under the 'Corporate Governance' section on our website.

Principle 6: Respect the rights of security holders

Provide information to investors

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

Charter Hall provides information to Securityholders, including:

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

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

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

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

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

Our dedicated Investor Relations team provides a structured Investor Relations program to communicate relevant matters to investors effectively, concisely and clearly. A dedicated website, www.charterhall.com.au, also gives Securityholders access to current and historic information around their current or potential investment in our Group.

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

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

As well as the investor website, we also offer:

- Annual and Half Year results presentations and financial reports which include detailed information on our Property Funds Management and the Property Investment portfolio;
- a live web-cast of our annual and half-year results presentations, with web-casts also available for review via our website;
- an annual Sustainability Report that provides an overview of our key objectives and performance around important sustainability matters;
- an Annual General Meeting where Securityholders can personally meet members of the Charter Hall Executive Committee and Board;
- engagement, communication and dialogue with major Securityholders by the Independent Non-Executive Board Directors separately from senior management; and
- participation in select retail investor conferences and broker sponsored forums so that retail investors can learn more about our business activities and meet with our Senior Executives.

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



Principle 7: Recognise and Manage Risk

Risk Committee

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

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

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

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

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

- regularly reviewing the Enterprise Risk Management Framework ("Framework") including the Group Risk Appetite Statement, for recommendation to the Board;
- reviewing at least annually, the Group's Strategic Risk Register where the Group's key strategic and operational risks mitigating controls are recorded;
- monitoring Management's performance against the Risk Appetite Statement;
- review the allocation of key risks to the relevant Board or Management committee for approval by the Board;
- review compliance with the Framework and

receive reports from Management in relation to the adequacy of the Framework.

With regard to our Framework, this articulates our risk management processes in place and contains a set of operational actions and accountabilities, and the tools, processes and culture that are in place to effectively manage risk. This year an independent review of the Framework was also undertaken.

Managing conflicts

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

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

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

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

- related party transactions be identified and conducted on arm's length terms;
- related party transactions be tested by reference to whether they meet market standards; and
- decisions about transactions between Charter Hall-managed vehicles and Charter Hall, or its affiliates, be made by independent members of the Board or Investment Committees.

The Group has also established protocols for the Board in identifying and managing conflicts, including:

- Board members must declare their interests as required under the Corporations Act, ASX Listing Rules and other general law requirements;
- Board members with a material personal interest in a matter are not to be present at a Board meeting during the consideration of the matter and subsequent vote unless the Board (excluding the relevant Board member) resolves otherwise; and
- Board members with a conflict not involving a material personal interest may be required to absent themselves from the relevant deliberations of the Board.



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

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

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

Internal Audit

ASX Recommendation 7.3 – A listed entity should:

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

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

Sustainability

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

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

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

ASX Recommendation 8.1

– The board of a listed entity should:

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

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

Our Remuneration and Human Resources Committee helps oversee our human resources strategies and remuneration framework. The Committee is made up of independent Non-Executive Directors, including an Independent Non-Executive Director chair. See earlier in this statement for details on current members. You can find details of the Committee’s meetings this year, and who attended, in the Directors’ Report of the Annual Report.

In keeping with the Committee Charter, the Committee is responsible for reviewing and making recommendations to the Board in respect of: remuneration and incentive frameworks; short- and long-term incentive plans; diversity and inclusion objectives; talent management and succession planning; and people strategies and policies. The Committee also reviews and makes recommendations on individual remuneration arrangements for Non-Executive Directors, the Managing Director & Group CEO and Senior Executives.

The Committee assists the Board in ensuring that:

- an appropriate human resources strategy is implemented to enable us to deliver on its business strategy;
- remuneration policies and practices are in line with strategic goals which enable us to attract and retain high calibre executives and directors who will create value for Securityholders;
- directors and executives are fairly and responsibly remunerated having regard to the performance of Charter Hall, the performance of the executives and the broader market;
- we have effective policies and procedures to attract, motivate and retain talented individuals to meet our needs; and
- people and remuneration policies and practices align with our vision, values and overall objectives, given our risk management framework, the law and standards of governance.

From time to time, the Committee may engage independent external consultants to provide information across range of matters, including remuneration benchmarking, market practices and emerging trends and regulatory reforms.

To find out more, refer to the Remuneration Report and/or the Committee Charter in the ‘Corporate Governance’ section of our website.

ASX Recommendation 8.3

– A listed entity which has an equity based remuneration scheme should:

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

Our Securities Trading Policy regulates how directors, Senior Executives and employees involved in the management of the Group can deal in Charter Hall stapled securities, including the Performance Rights Offer Plan. The Policy specifies when personal trading is permitted, the restrictions that apply to directors, Senior Executives and employees, and the procedures for obtaining prior clearance for trading during a trading window.

We monitor employee compliance with this Policy as part of our risk management framework. You can find the Securities Trading Policy under the ‘Corporate Governance’ of our website.

