

CharterHall 



2022

**CORPORATE  
GOVERNANCE  
STATEMENT**

Charter Hall Group



## 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 (4th Edition) published in February 2019 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 2022.

Copies of our key corporate policies can be found on our website at [www.charterhall.com.au](http://www.charterhall.com.au).

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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)

# Principle 1

## Lay solid foundations for management and oversight

### Roles of the Board and Management

#### ASX Recommendation 1.1

**A listed entity should disclose a board charter setting out:**

- the respective roles and responsibilities of its board and management; and
- 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 purpose, strategic objectives, governance and performance. This includes creating a culture of challenge and accountability to ensure the organisation is operating effectively.

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 approved by the Board. The Managing Director and Group CEO together with the Senior Executives are responsible for implementing the strategic business objectives and instilling and reinforcing Charter Hall's values.

This is done within the overarching framework of the organisation's values, codes of conduct, budget and risk appetite which is approved by the Board. Senior Executives are also responsible for providing the Board with accurate, timely and clear information about the business, including financial performance, compliance with material legal and regulatory requirements, as well as any conduct that is materially inconsistent with the Charter Hall values and codes of conduct.

### Information regarding Directors

#### ASX Recommendation 1.2

**A listed entity should:**

- undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and
- 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 is reviewed by the Nomination Committee. An independent comprehensive background check is conducted on all prospective directors and Senior Executives prior to their appointment in their role, including reference checks, assessment of experience, employment history, directorships and shareholdings, education, criminal record and bankruptcy history. 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. The Notice of Meeting also contains a statement by the Board as to whether it supports the election or re-election of the candidate. Details of Non-Executive Directors are available on our website, [view here](#).

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

#### ASX Recommendation 1.3

**A listed entity should have a written agreement with each 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, as well as ongoing confidentiality obligations.

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 as well as entitlements.

### 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 materials are despatched in a timely manner and that Board and Committee meetings are captured accurately in the minutes. They are also responsible for advising the Board and Committees on all governance matters.

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

All directors have direct access to the Company Secretary.

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

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 seek independent professional advice at the cost of Charter Hall, in order for them to carry out their duties and functions (including their Board Committee functions) properly. An estimate of costs must first be approved by the Chair as reasonable, prior to the engagement of any external consultants or professional advisors.

Governance framework

The diagram below summarises Charter Hall’s governance framework, followed by the key 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 its Board and Committee charters.

Board key functions

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 strategic objectives.

Board Committees

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 in the ‘Corporate Governance’ section on our website.

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

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

Board Committee	Membership
Audit, Risk and Compliance Committee	Karen Moses (Chair), David Ross, David Clarke, Jacqueline Chow
Remuneration and Human Resources Committee	David Ross (Chair), Greg Paramor, Karen Moses
Investment Committee	Greg Paramor (Chair), David Clarke, David Harrison, David Ross
Nominations Committee	David Clarke (Chair), David Ross, Karen Moses

\* Phillip Garling AM retired as the Chair and a member of the RHRC and NC on 11 November 2021. Greg Paramor was appointed as Chair of the IC and Karen Moses as a member of the NC on the same date.

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

Details of the number of Board and Committee meetings held during the year and the number of meetings attended by each director are made available in the Directors’ Report.

Investment Committee (IC) key functions

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:

- 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 Group in accordance with the relevant delegated authority;
- disclosure documents for capital raisings by the Group; and
- actions taken by Management to address key risks delegated to this Committee.

Audit, Risk and Compliance Committee (ARCC) key functions

To oversee and review:

- 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.

Remuneration and Human Resources Committee (RHRC) key functions

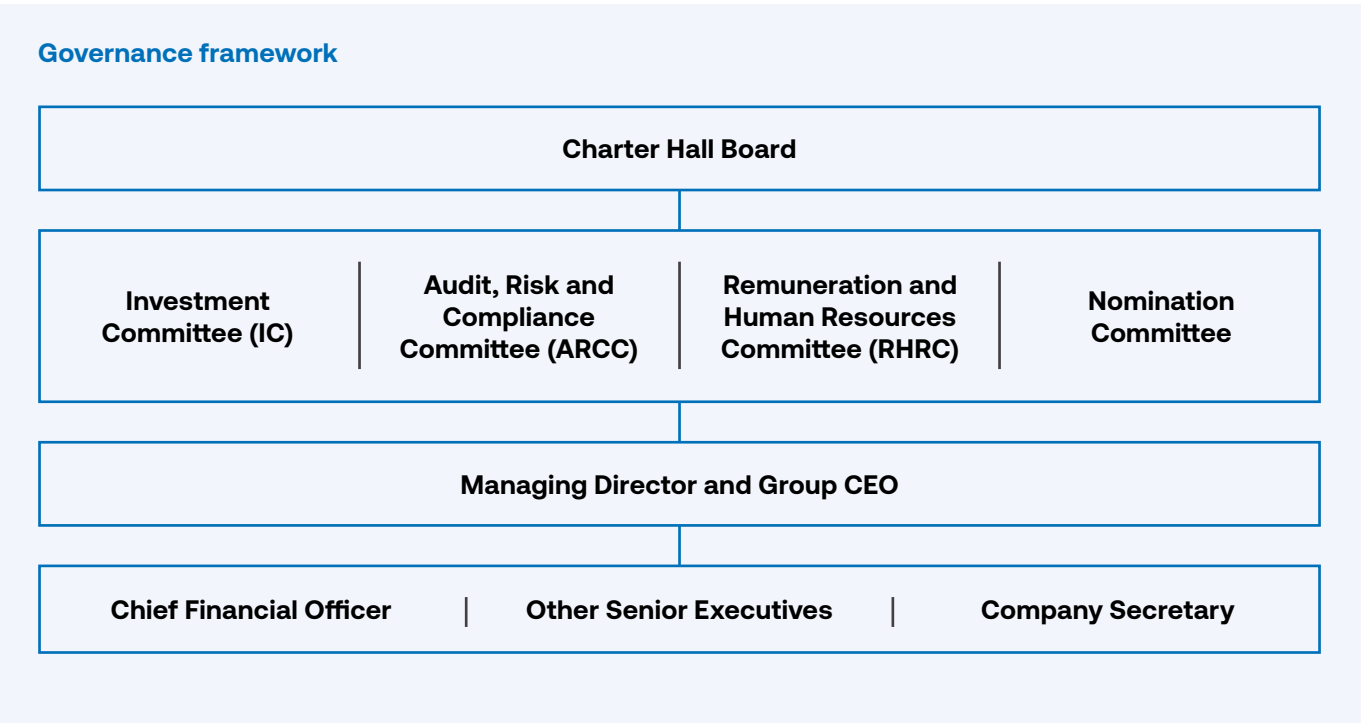
To review and make recommendations on:

- 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.

Nomination Committee key functions

To review and make recommendations on:

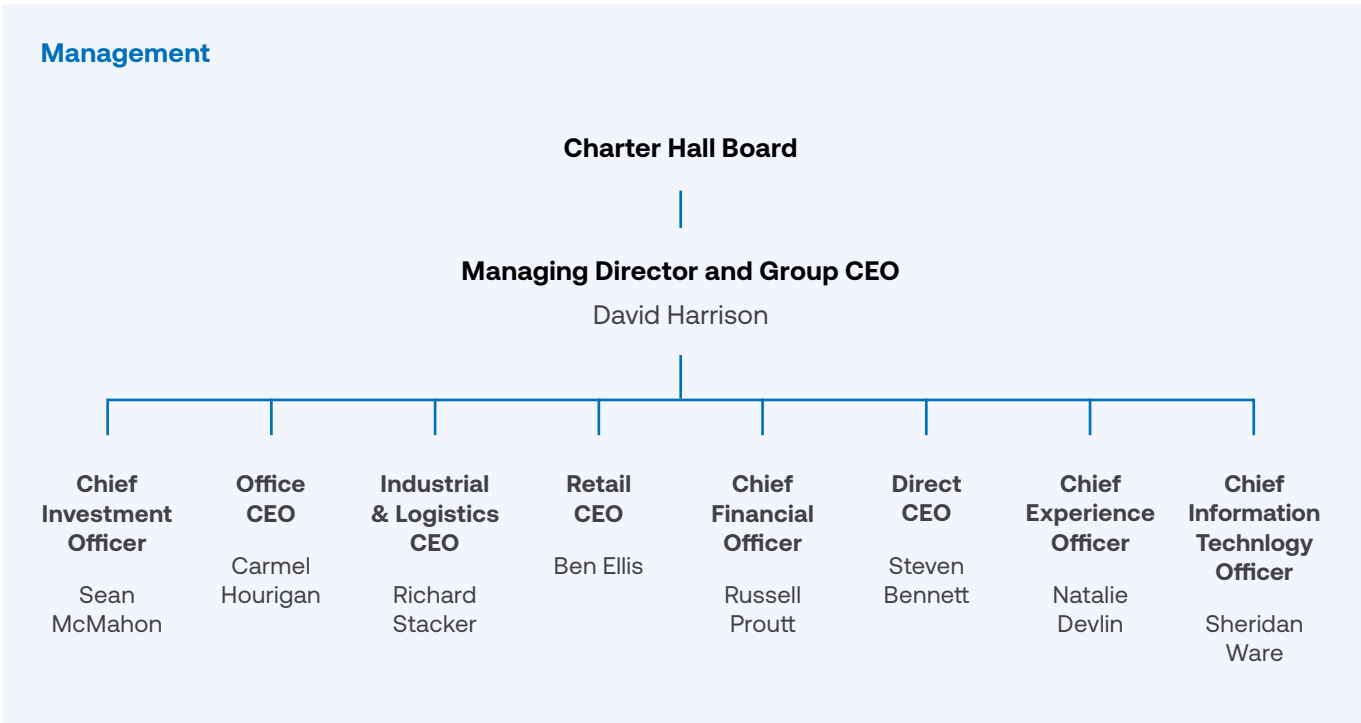
- Board size and composition;
- criteria for Board membership;
- appointment, induction and re-election of directors;
- performance and enhancement of skills of directors through professional development programs for directors; and
- Board succession.



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 Senior Executives report to the Managing Director and Group CEO.

The Managing Director and Group CEO must consult with the Chair 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.



Diversity

ASX Recommendation 1.5

A listed entity should:

- a. have and disclose a diversity policy;
- b. through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- c. disclose in relation to each reporting period,:
  - 1. the measurable objectives set for that period to achieve gender diversity;
  - 2. the entity’s progress towards achieving those objectives; and
  - 3. either:
    - i. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (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.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

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

Because we are a people business, delivering on this approach is dependent on the talent we have. In the same way that we curate our portfolio, we curate our talent by deliberately seeking people of diverse gender identity, sexual orientation, religion, disability, age, ethnicity and first peoples, as well as diverse skillsets and experiences.

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

A copy of our Diversity and Inclusion Policy can be found on our website. This Policy outlines the key focus areas to help everyone we engage with realise their aspirations and get the most out of their relationship with us.

Female participation targets

One of the ways we demonstrate our comitment to inclusion is a focus on gender diversity. You can see the targets we have set for female representation below:

Board Committee	Actual	Target	Target
	2022	2025	2030
Female participation on Group Board	33.33%	≥ 40%	≥ 40%
(Executive and Non-Executive Directors)			
Female participation in senior executive positions*	31.37%	≥ 40%	≥ 40%
Female participation in the workplace	55.23%	50.0%	50.0%

\*Female participation in Senior Executive positions is defined as Senior Management and excludes the MD & Group CEO.



Key highlights for FY22 include:

- Our Managing Director and Group CEO formally champions diversity and inclusion and is actively involved in the Champions of Change Coalition. He is also a Workplace Gender Equality Agency (WGEA) Pay Equity Ambassador.
- We were awarded the WGEA Employer of Choice for Gender Equality citation and recognised as an industry leader for initiatives to achieve gender equality.
- Winner of Best Health and Well-being Program at the Australian HR Awards in recognition of initiatives to equip our people with lifelong skills to perform at their best.
- Continued focus on promoting a safe and equitable environment whereby 98% of our people say that gender-based harassment and sexual harassment is not tolerated.
- Partnership with Two Good Co to install touch-free soap dispensers in our offices nationwide and support survivors of domestic violence to become financially independent.
- Recognition as a Bronze Employer for LGBT+ inclusion and through membership of Pride in Diversity and InterBuild, drive LGBT+ equality within the property industry.
- Formalising our commitment to reconciliation with a Reflect Reconciliation Action Plan and activation of Third Spaces to celebrate First Nations histories and cultures.

Further detail can be found in our annual Sustainability Report at [charterhall.com.au/sustainability](https://charterhall.com.au/sustainability).

## Board performance

### ASX Recommendation 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, for each reporting period, whether a performance evaluation was undertaken in accordance with that process, during or in respect of that reporting period.

Each independent director must complete an annual performance evaluation. This is collated and summarised by the company secretary. The Chair then distributes the summarised and anonymous results to all the directors for discussion. TIn FY22, a formal external Board review was undertaken.

## Performance of Senior Executives

### ASX Recommendation 1.7

**A listed entity should:**

- a. have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and
- b. disclose, for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that reporting period.

The Managing Director and Group CEO and the members of the Executive Committee are considered the Group's Senior Executives. This Group includes the Chief Financial Officer and Chief Investment Officer, who, together with the Managing Director and Group CEO, 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 be effective and add value

## Nomination Committee

### ASX Recommendation 2.1

**The Board of a listed entity should:**

- a. Have a nomination committee which:
  1. has at least three members, a majority of which are independent directors; and
  2. is chaired by an independent director; and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. 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 skill, knowledge and experience. To become a director, a person who has been nominated for election must first be approved by the Board.

See 'Board Committees' earlier in this Statement for details of the Nomination Committee members. The Directors' Report contain details of the Committee's meetings for the year, and who attended each meeting. The Committee's Charter can be found 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 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. This matrix can be found 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 by the board to be independent directors;
- b. if a director has an interest, position, association or relationship of the type described below, but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position 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.**

**Factors relevant for assessing the independence of a director:**

Examples of interests, positions and relationships that might raise issues about the independence of a director or an entity include if the director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;
- is, or has been within the last three years, in a material business relationship (e.g., as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that their independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position or relationship needs to be assessed by the board to determine whether it might interfere, or might reasonably be seen to interfere, with the director’s capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity as a whole rather than in the interests of an individual security holder or other party.

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 one Executive Director and between five and six independent Non-Executive Directors.

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 assesses on an annual basis, or more regularly if required, whether directors are independent, and each director is required to provide information to the Board in this regard. David Harrison (Executive Director), is the only Board member deemed to not be independent.

Name	Date of appointment	Independent (Yes/No)
<b>David Clarke</b> Non-Executive Director	10 April 2014	Yes
<b>David Harrison</b> Managing Director and Group CEO, Executive Director	30 August 2006	No
<b>David Ross</b> Non-Executive Director	20 December 2016	Yes
<b>Karen Moses</b> Non-Executive Director	September 2016	Yes
<b>Philip Garling AM</b> Non-Executive Director	25 February 2013 (retired on 11 November 2021)	Yes
<b>Greg Paramor AO</b> Non-Executive Director	15 November 2018	Yes
<b>Jacqueline Chow</b> Non-Executive Director	17 February 2021	Yes

Please refer to the Directors’ Report for further details on the Directors, for example background, qualifications, expertise and period of service.

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

## The Chair 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 contribute to a culture of openness and constructive challenge that allows for diversity of views to be considered by the Board, and to ensure all directors contribute in an effective and respectful manner.

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 for periodically reviewing whether there is a need for existing directors to undertake professional development to 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;
- periodic external review of our Board’s performance; and
- access for our directors to continuing education, including Board briefings on material developments in law, regulation, accounting standards etc.

# Principle 3

## Instil a culture of acting lawfully, ethically and responsibly

### Values and purpose

#### ASX Recommendation 3.1

**A listed entity should articulate and disclose its values.**

Our purpose at Charter Hall is to create better futures by bringing aspirations to life. This is underpinned by our values, which guide what we believe in and how we behave. They sit at the heart of our culture and drive our reputation:



**Active Partnership**  
we believe that if everyone benefits, we benefit.



**Inventive Spirit**  
we create with purpose and discipline.



**Genuine Insight**  
we use expertise to unlock resilient growth.



**Powered by Drive**  
we put our passion into action.

We apply our purpose and values to interactions with all our customers and stakeholders.

**Investors:** We have an unwavering commitment to our fiduciary duty, always thinking deeply about the widest repercussions of our decisions on institution, individuals and their futures.

**Tenants:** We take a partnership approach to proactively provide spaces and inventive solutions that anticipate evolving needs and business growth.

**Communities:** We embody a philosophy of sharing success to contribute to thriving local communities.

**Our people:** We create an environment where people flourish and grow in line with their aspirations.

To measure how effectively we engage with our customers, we conduct annual customer surveys and use these insights to develop actionable improvements. More information on how we engage with our stakeholders can be found in our annual Sustainability Report at [charterhall.com.au/sustainability](https://charterhall.com.au/sustainability).

We believe that everyone in Charter Hall is responsible for bringing our purpose to life and portraying our values. The Board reviews the Charter Hall purpose and values and considers the performance of the business against it. Senior Executives are expected to lead by example and set the tone from the top, and they are held accountable for embedding our purpose and values through relevant performance measures.

### Code of Conduct

#### ASX Recommendation 3.2

**A listed entity should:**

- have and disclose a code of conduct for its directors, Senior Executives and employees; and
- ensure that the board or a committee of the board is informed of any material breaches of that code.

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

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. In addition to our Codes of Conduct we also have various policies that deal specifically with each person's responsibilities and accountabilities around reporting and investigating unethical behaviour, for example our Anti-Bribery, Fraud & Corruption, Risk Management Policy and Whistleblower Policy. Copies of these policies and Codes can be found on our website under the 'Corporate Governance' section.

Employees regularly receive training on matters pertaining to ethical behaviour in the workplace. Topics covered during the year ending 30 June 2022 included key aspects of the Group's governance policies, such as the Employee Code of Conduct, Financial Crimes, Whistleblowing and Modern Slavery. Any material breaches of our Codes or our governance policies are reported to the Board.

#### ASX Recommendation 3.3

**A listed entity should:**

- have and disclose a whistle-blower policy; and
- ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

#### ASX Recommendation 3.4

**A listed entity should:**

- have and disclose an anti-bribery and corruption policy; and
- ensure that the board or a committee of the board is informed of any material breaches of that policy.

Openness and relationships based on trust are very important to us. We are committed to a culture in which everyone is responsible and accountable for their actions and where anyone can raise matters that concern them. Employees are a valuable source of information about whether we at Charter Hall are living up to our values, and therefore employees are encouraged to speak up about any unlawful, unethical or irresponsible behaviour in Charter Hall.

As noted previously, we have Whistleblower and Anti Bribery, Fraud and Corruption Policies that are periodically reviewed and endorsed by the Board. Copies of these policies can be found on our website under the 'Corporate Governance' section.



# Principle 4

## Safeguard integrity of corporate reports

### Audit Committee

#### ASX Recommendation 4.1

**The board of a listed entity should:**

- a. have an audit committee which:
  1. has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent directors; and
  2. is chaired by an independent director, who is not the chair of the board, and disclose:
  3. the charter of the committee;
  4. the relevant qualifications and experience of the members of the committee; and
  5. 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 that 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. For further details on the Committee meetings held this year, and who attended, please refer to 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.

### Periodic reporting

#### ASX Recommendation 4.3

**A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.**

Non-audited periodic corporate reports released to the market include the results presentations which accompany half year and full year financial reports, Directors Report and Sustainability Report.

Management adhere to verification protocols with regard to public disclosures for listed entities including (but not limited to):

- Internal annual review conducted of the disclosures contained in the Operating and Financial Review in the Directors Report considering any changes to the Corporations Act, ASIC regulatory guides, and peer disclosures, including consultation with in-house legal where appropriate;
- Directors Report contents reviewed and approved semi-annually through the ARCC, with Management attestations to the accuracy of its contents;
- Directors Report contents are prepared in disclosure management software, which has automated controls ensuring consistency of financials between the audited financials and the Directors Report;
- Half and Full Year Results presentations verified against the Audited Financial Statements, with this verification and compliance with RG230 formally attested-to by Management to the Board;
- For all releases not subject to audit, financial information and statistics are verified by the relevant internal team, for example group finance, group planning, investment management or sustainability.

All reports released to the ASX are reviewed and approved by the Managing Director and Group CEO, the Board and Head of Listed Investor Relations, as well as the General Counsel as appropriate. As part of this process, all Directors get an opportunity to provide input on the language, with a view to the report being balanced, and providing appropriate information in order for investors to be well informed.

# Principle 5

## Make timely and balanced disclosure

### Continuous disclosure

#### ASX Recommendation 5.1

**A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1.**

#### ASX Recommendation 5.2

**A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.**

#### ASX Recommendation 5.3

**A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.**

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 and disseminates all material market announcements to the Board upon its release to the ASX. Our Company Secretary also ensures that where any new and substantive investor or analyst presentations are being made, that they are released to the ASX prior to the presentation.

The Continuous Disclosure and Communications Policy can be found under the 'Corporate Governance' section on our website.

# Principle 6

## Respect the rights of securityholders

### Provide information to investors

#### ASX Recommendation 6.1

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

#### ASX Recommendation 6.2

**A listed entity should have an investor relations program that facilitates effective two-way communication with investors.**

#### ASX Recommendation 6.3

**A listed entity should disclose how it facilitates and encourages participation at meetings of securityholders.**

#### ASX Recommendation 6.4

**A listed entity should ensure all substantive resolutions at a meeting of securityholders are decided by a poll rather than by a show of hands.**

#### ASX Recommendation 6.5

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

Charter Hall provides information to Securityholders, including:

- the right for Securityholders to receive an annual report and updates which keep them informed of our performance and operations;
- placement under the 'News and Media' section of our website of market-sensitive information in the form of ASX announcements, media releases or webcasts;
- placement under the 'Investor Centre' section of our 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 our website.
- We have a clear understanding of our legal and regulatory obligations around continuous disclosure as a listed entity. All resolutions put to Securityholders for consideration are decided by way of a poll, rather than by a show of hands. Securityholders are encouraged, where possible, to attend our AGM in person, where Securityholders can ask questions or raise matters to the Board and Management. For those Securityholders who cannot attend the AGM, they are able to submit questions to the Chair in advance of the meeting, which will be addressed during the course of the meeting. Furthermore, 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](http://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'll 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 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:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director; and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. 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 or committees that satisfy (a), disclose that 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 that the entity is operating with due regard to the risk appetite set by the board; 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.

The key components of the Framework include (but are not limited to):

- Risk workshops – where managers identify risks and mitigating controls within their business unit or sectors;
- Policies and procedures – which provide direction on minimum acceptable standards of business practice;
- Compliance certifications and attestations – where employees provide ongoing attestations regarding the identification of risks and the robustness of controls;
- Timely breach and incident reporting – highlights areas of heightened risk and future focus for Risk and Compliance;
- Internal audit – where Charter Hall's key controls and processes are subject to independent validation;

- Training programs – where employees receive targeted risk and compliance training appropriate to their roles and responsibilities;
- Stress and scenario testing – where key business assumptions are tested; and
- Independent review – where the Framework is assessed by an independent party to confirm its effectiveness.

## Managing conflicts

We have a 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 stated 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 Charter Hall 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.

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

The Group also has a conflicts protocol 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 disclose:**

- c. if it has an internal audit function, how the function is structured and what role it performs; or
- d. 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 governance, 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 outsourced the internal audit function to an appropriately qualified third party to provide an independent appraisal function for Management and the ARCC based on a systematic review and evaluation of its risk management and internal control processes. The role and responsibilities of the internal auditor is documented in the Internal Audit Charter which is periodically reviewed by the ARCC.

## Sustainability

### ASX Recommendation 7.4

**A listed entity should disclose whether it has any material exposure to environmental or social 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, setting out material environmental and social risks and opportunities, as well as sustainability metrics, targets and objectives. You can also find more information about our sustainability achievements in our Annual Report.



# 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:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director; and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. 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 that 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 (RHRC) 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. Details of the Committee's meetings this year, and who attended, can be found in the Directors' 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.

Our remuneration strategy intends to drive appropriate risk culture and employee conduct and is designed to attract and retain talented people by rewarding them for achieving performance outcomes that are aligned with our purpose, business strategy, risk appetite and the long-term interests of our customers and securityholders.

Executive remuneration at Charter Hall comprises of both short-term and long-term 'at risk' components. The short-term incentive rewards annual performance with a focus on immediate strategic objectives and the outcome is subject to assessment against our organisational values. The long-term incentive seeks to achieve longer term performance for our customers and securityholders while also driving sustainable value creation. Our Remuneration Report outlines further details on our executive remuneration strategy including structure of our incentive plans, executive performance against targets and our response under certain circumstances including act of fraud, defalcation or gross misconduct, dishonesty and/or material breach of obligations to the Group.

Directors and executives are subject to mandatory minimum securityholding requirements details of which are also included in our Remuneration Report.

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. The Securities Trading Policy can be found under the 'Corporate Governance' section of our website.

### Additional recommendations that apply only in certain cases

#### ASX Recommendation 9.1

**A listed entity with a director who does not speak the language in which the board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.**

This recommendation does not apply to Charter Hall.

#### ASX Recommendation 9.2

**A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable time and place.**

This recommendation does not apply to Charter Hall.

#### ASX Recommendation 9.3

**A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders 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. The Group has also adopted an Auditor Independence Policy which can be viewed under the ‘Corporate Governance’ section on our website. 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.

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