



CLIMATE TRANSPARENCY REPORT 2020

Charter Hall Group

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-3C87E4DD-58AC-4AD3-8B76-5DB2C3F96E14/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Charter Hall Group
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	>50% Property Internally Managed
Signed PRI Initiative	2008
Region	Oceania
Country	Australia
Disclosure of Voluntary Indicators	55% from 38 Voluntary indicators

Charter Hall Group

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
-------	-----------	--------	---------------	---------

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
---------	---------------------------------------------------------------------------------------------

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
----------	-------------------------------------------	--------	-------------	---------

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

In FY19 Charter Hall aligned with the Taskforce for Climate-related Financial Disclosures (TCFD) framework and built on the physical climate-related risks and opportunities to include transition risks and opportunities.

Charter Hall, with the help of its external advisors, has identified several risks and opportunities in its investment strategies and products which include the following:

Transition risks and opportunities

Policy and regulation

Charter Hall anticipates increasing government regulation in relation to climate related concerns. In the property industry there is a risk that this will result in increased construction, operating and compliance costs. New mandatory building standards may result in opportunities for companies who can anticipate any new standards and begin incorporating them into buildings in advance of the regulation and resultant market demand.

Charter Hall has set a Group-wide emissions reduction target of 100% reduction in Scope 1 and 2 emissions by 2030. It has also identified opportunities to work with its tenant customers and its various contractors to reduce its Scope 3 emissions.

Markets, reputation and technology

Charter Hall sees technology as a transformative force across the property industry. Opportunities exist to capture market share for managers that deploy technology across their portfolios which reflect new tenant and community standards and expectations. Energy generation and consumption at a building level will provide an opportunity to Charter Hall to transform its cost base, contribute to a more sustainable environment and enhance our reputation with key stakeholders - tenant and investor customers, employees and suppliers.

Physical Climate related risks and opportunities

As the climate changes Charter Hall anticipates an increase in both occurrence and intensity of extreme weather events. These events risk increasing repair and maintenance costs associated with our buildings, and potentially impact the safety and wellbeing of our employees, customers and visitors. Charter Hall sees opportunities for property managers who are best able to address the environmental footprint of their buildings and engage with all of their stakeholders around key focus areas like energy, water, waste and carbon.

Summary

Charter Hall continues to align to align its sustainability focus and initiatives to the TCFD Framework. We are integrating the framework elements into our operations, strategy and financial planning. Charter Hall remains confident of its ability to meet the risks and capture the opportunities that lie ahead in a new climate changed environment.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Climate change scenario projections and exposure to natural hazards and opportunities were carefully selected considering the likelihood and consequence of risk to any of Charter Hall properties. These variables are:

- Increase in mean temperature
- Increase in extreme temperature
- Sea level rise
- Present exposure to bushfire
- Historical exposure to extreme storms
- Historical exposure to cyclones

Although future projections for bushfire, extreme storms and cyclones are still general and qualitative, the scientific community largely agree (see Climate Change in Australia) that these natural hazards events tend to increase their frequencies based on the projected changes in precipitation and temperature.

The timescales applied to assess these risks, against various data sources were projections for 2030 and 2070.

The likelihood and consequence of transition risks will be considered in more detail in FY20.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

Charter Hall Group's Sustainability Policy (see http://bit.ly/CHC_Sustainability_Policy) outlines the Group approach to identify and manage material climate-related risks and opportunities stating:

"We are committed to playing a leading role in achieving a sustainable future by:

- *Actively addressing and managing our impact through optimising the use of resources, minimising our carbon footprint, waste and pollution and protecting the environment in which we operate; ...*
- *Assessing and incorporating the effect of climate change risk, adaptation and resilience into our investment and business decisions..."*

Charter Hall discloses climate change as a material issue and the initiatives and targets to address climate change resilience and to transition to a low carbon economy with targets to reduce carbon emissions, enhance energy and water efficiency and reduce our waste from our operations in our annual 2019 Sustainability report. See http://bit.ly/CHC_2019_Sustainability_Report

The Charter Hall Group sustainability framework outlines our actions and progress in identifying and managing material climate-related risks and opportunities. The strategy to identify and manage climate-

related risks includes undertaking a climate risk assessment for all Charter Hall assets and the preparation of climate change adaptation plans across our office, retail, industrial and social infrastructure portfolios, integrating mitigation initiatives into operational risk processes and capital works planning.

The strategy to identify and manage climate-related opportunities includes the development of a pathway to net zero, improved energy efficiency of all buildings in the portfolio and investment in renewable energy.

Outcomes and targets to identify and manage climate-related risks and opportunities during FY19 can be found in the Environment chapter (pages 18 - 20) of our 2019 sustainability report. http://bit.ly/CHC_2019_Sustainability_Report.

Charter Hall's alignment with the TCFD framework can be found in our 2019 Sustainability Report and outlines our current approach and metrics in relation to climate governance, risks and opportunities. It represents our organisation-wide strategy. See https://bit.ly/CHC_TCFD_Alignment_report_extract

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

See pages 40 - 41 of our 2019 Sustainability Report for TCFD disclosures - http://bit.ly/CHC_2019_Sustainability_Report. Other includes CDP and GRESB frameworks for TCFD disclosures.

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Development, Technical Services and Operations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

People, Asset and WHS Teams

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6
CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The Charter Hall 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 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 policy and approving distributions;
- 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.

<https://www.charterhall.com.au/About-Us/Corporate-Governance/> and http://bit.ly/CHC_2019_Sustainability_Report (page 14).

The Charter Hall Board has adopted a Group Sustainability Policy that forms the foundation of our commitment to sustainable business practices. Covering aspects of climate change, environmental management, sustainable design, occupational health and safety, supplier relationships, and community engagement, our Group Sustainability Policy defines our commitment to operating in an ethical manner and outlines the actions we take to deliver on this commitment. Charter Hall's managed funds adopt and are governed by this Policy and our Sustainability Framework. The Charter Hall Group Sustainability Policy, forms part of a suite of Charter Hall Corporate Governance Policies, which can be found on the Charter Hall website. <https://www.charterhall.com.au/About-Us/Corporate-Governance/>.

The Charter Hall Board's Audit, Risk and Compliance Committee (ARCC) considers all risks associated with the business. The ARCC key functions are 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); and
- compliance processes to meet legislative and regulatory requirements.

The ARCC also has oversight of sustainability strategy, policies and reports.

The Charter Hall Board's Remuneration and Human Resources Committee Key functions are 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; and
- remuneration policies and fees for NEDs and Committee members.

The Charter Hall Board's Investment Committee (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 CH entity in accordance with the relevant delegated authority; and
- disclosure documents for capital raisings by funds managed by the Responsible Entity

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
-----------------------	------------------------------------------------------------------------------------------------------------------------------------------------

The Charter Hall Board is responsible for approving policy and frameworks and the Executive Leadership Group has responsibility for ensuring we deliver on commitments defined in our Group Sustainability Policy, supported by fund, asset, operations and development teams that embed the sustainability strategy into our day-to-day business. Each of our managed funds has its own governance structure which determines decision-making with regard to assets within that portfolio. All Charter Hall funds adopt the CHC Group's Sustainability Policy and Sustainability Framework.

The Charter Hall Executive and the Sector based Senior Management Teams work with the Sustainability Team to develop sector-based Sustainability Strategies which include the assessment and management of climate-related issues and opportunities. These strategic sector-based strategies are integrated into fund strategies and individual building strategic management plans.

Each sector Sustainability Strategy adopts the Charter Hall Group Environment targets (outlined at http://bit.ly/CHC_2019_Sustainability_Report on pages 18 - 21) and apply these targets where relevant to their portfolio. Those climate-related targets that management-level-roles have included in their sector based strategies include::

- Implementing a pathway to 100% reduction in emissions within Charter Hall direct control (Scope 1 and 2) by 2030, which equates to an intensity of 0kgCO2 /m2.
- Investigating opportunities to work with our tenant customers and contractors to reduce emissions outside of our control (Scope 3 emissions).
- Undertaking climate change adaptation plans by FY20 and integrating these plans into risk frameworks and operational and capital works programs. All office, retail and industrial assets have climate change adaptation plans.
- Undertaking transitional and physical climate change scenario analysis by FY20 with alignment to TCFD Framework.
- investigating renewable energy opportunities and renewable energy on all new large retail and industrial developments by FY20.
- For the retail portfolio, investigating solar projects across applicable Charter Hall managed shopping centres and Stage 2 of retail solar power purchase agreement implementation across applicable Charter Hall managed shopping centres in FY20.
- Energy improvement targets, utilising NABERs Energy ratings as a measure of improvement.
- Waste reduction targets for Retail and Office with 50% waste diversion by FY20 and 70% by FY25.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
--------------	------------------	---------------	--------------------	--------------

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
----------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Yes, in order to assess future ESG factors

	Describe
--	----------

Charter Hall consider ESG factors in the annual strategic risk analysis process for consideration within the

risk register. The scenario analysis considers risks for each sector and markets for all risk factors. Future ESG factor analysis is also considered in materiality reviews aligned with GRI.

Yes, in order to assess future climate-related risks and opportunities

Describe

Charter Hall has adopted two climate scenarios to consider both the physical risks and transitional risks associated with climate change. We have undertaken portfolio-wide climate risk exposure assessments using IPCC extreme RCP8.5 projections. To set Charter Hall's 2030 net zero emissions targets, we used IPCC RCP 2.6 projections.

No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

The Charter Hall due diligence process considers a range of ESG issues in its strategic asset acquisitions and allocations, from geographic and economic markets to climate change and other environmental and social issues. The ESG issues considered across sectors align with higher environmental performance requirements on assets to minimise ESG issues.

The allocation of assets across sectors and geographies considers a range of markets and ESG factors to provide a diversity of fund and asset product and to minimise exposure to one market sector or geography.

Charter Hall Group's Risk Management Policy sets out:

- roles and responsibilities for risk management at Charter Hall;
- the review process of the Risk Management Framework and its key components;
- the assessments to identify the risk appetite of the business and the risks within the Group;
- controls that seek to minimise, mitigate or manage the risks within the business; and
- specific risk areas where there is a specialised approach and policies to control the inherent risks.

Charter Hall has also undertaken a gap analysis against the TCFD framework to inform our alignment and ESG issues in our allocation of assets across sectors and geographies.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
-----------------	--------------------------------------------------	---------------	--------------------	----------------

SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

Initial assessment

Describe

Since 2016, we have been focused on making our portfolio more resilient to risks associated with climate change.

Our physical climate risk analysis adopts the IPCC's RCP 8.5 climate scenario, to enable Charter Hall to consider the worst-case scenario of climate change and the potential impacts the scenario impacts would have on our standing assets in their climate zones. Using this scenario, Charter Hall undertook climate risk exposure assessments of all standing assets and development sites in FY16, using 2030 and 2070 time horizons. This assessment involved consideration of a range of climate related scenario events (past), probability and consequence of these extreme climatic events impacting on the Charter Hall portfolio in the future. We used insurance records and claims as well as engagement with asset managers and operational employees. The assessment also considered NARClIM (OEH) and CCiA (CSIRO) data, which projects climate scenarios, to document low, medium or high-risk ratings on assets and development sites across the portfolio.

Charter Hall has commenced preparation of climate change adaptation plans for all assets in its industrial, office and retail portfolios where Charter Hall has operational control and the asset does not have a triple net lease. These plans complete a climate risk assessment matrix (which is aligned to the Charter Hall Risk Matrix) and identify opportunities to mitigate the risks, with a target of reducing climate risk of assets.

In FY19 we extended our climate change risk analysis, using the RCP 8.5 climate scenario to our childcare portfolio. We also undertook a gap analysis to enable alignment to the Taskforce on Climate-Related Financial Disclosures (TCFD).

In FY19 we also commenced our detailed climate scenario analysis, in accordance with IPCC and the TCFD framework, building on the existing physical climate scenario analysis.

In FY20 we are targeting all office, retail and industrial assets to have climate change adaptation plans.

Our approach to addressing climate risk and resilience and our alignment with TCFD can be read in our 2019 sustainability report - http://bit.ly/CHC_2019_Sustainability_Report

- Incorporation into investment analysis

Describe

Charter Hall's property investment selection undertakes a due diligence process which includes ESG issues. This process identifies and considers the sustainability credentials of the property, as well as opportunities to enhance the credentials of the property. The process also considers a range of environmental and other factors impacted by climate scenario factors including:

- Geographic location - access to markets, transportation and infrastructure, accessibility for building occupants, suppliers and customers, location of major physical features such as water courses and natural hazards.
- Market, technology and economic development trends
- Environmental issues (including contamination, flooding and other climate related and natural hazard risks, materials assessment, water efficiency, energy efficiency/supply. All our buildings are reviewed for flood risk (1 in 100 flood event), as well as the condition and age of HVAC to ensure that tenant comfort is maintained during extended days of extreme heat.
- Climate change risk assessment (extreme weather conditions such as storm, bushfire, extreme heat and sea level rise) and the ability of the investment to withstanding potential climate change impact, depending on its location.
- Environmental data/performance ratings against country level or international benchmarks such as NABERS, Green Star or WELL ratings, which inform GHG emissions. Buildings with lower carbon systems (eg on-site solar) are an attractive option for us based on the energy savings and lower occupancy costs (where applicable).
- Services and building operations and mechanical - such as water and energy supply and efficiencies, waste management, and ability to perform under extreme conditions (such as extreme heat).

All due diligence considerations are undertaken in accordance with the Charter Hall Corporate Governance policies, which are publicly disclosed on our website <https://www.charterhall.com.au/About-Us/Corporate-Governance/>

Investment analysis includes financial and risks of tenant and sector.

Inform active ownership

Describe

Charter Hall has a commitment of net zero carbon Scope 1 and Scope 2 emissions by 2030, within the buildings we control. Our approach to carbon reduction is aligned with the Science Based Targets pathway and involves several key steps including making our buildings more energy efficient, creating building improvement plans for carbon, energy, water and waste efficiency and aligning targets to third party rating systems such as NABERS and Green Star. Our pathway also involves reducing building refrigerants and investing in renewable energy, both on our assets and through our energy procurement. Once we have made our assets and operations as efficient and powered by renewables, any additional carbon will be offset in community carbon projects supporting the communities in which we operate.

Our asset budgets include the ESG initiatives to enable achievement of the net zero pathway.

In active partnership with our contractors and our tenant customers we will identify a pathway to reducing our Scope 3 emissions across our portfolio.

Other

SG 13.5
CC

Indicate who uses this analysis.

Board members, trustees, C-level roles, Investment Committee

Portfolio managers

Dedicated responsible investment staff

External managers

Investment consultants/actuaries

Other

SG 13.6
CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

The Charter Hall Climate Risk Assessment criteria was assessed based on 2030 and 2070 projections, utilising a range of modelling and data sources for climate variables including: mean temperature, extreme temperature, sea level rise, bushfire, tropical cyclones and extreme storms.

The assessment considered these variables against the 2030 and 2070 time horizons and determined the extent of exposure and risk of office, industrial, retail, hospitality and childcare investments under both scenarios. The climate change mitigation plans seek to address operational and capital improvements to mitigate these risks and reduce the likelihood or consequence of these variables in the short, medium and longer term.

The Charter Hall net zero emissions pathway, which is aligned with the Science Based Targets, also assumes future time horizons to in line with anticipated future growth of the Charter Hall business.

No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input checked="" type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Science Based Targets
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
-------	-------------------------------------------	--------	---------------------	-------

SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Diversity of tenant markets and trends

- Other, specify(2)
- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		30	400	000	000
Currency	AUD				
Assets in USD		20	592	948	145

Specify the framework or taxonomy used.

The frameworks used include:

- The Science Based Targets initiative(SBTi) framework was used to develop the pathway to net zero
- The TCFD framework and the IPCC was used to develop climate scenarios
- Green Star and NABERS frameworks are used to measure low carbon and energy efficiency buildings.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify

other description

Climate change risk assessments undertaken, 5.2MW of solar PV installed, environmental, climate change due diligence carried out on all acquisitions and disposals

None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5

Additional information [Optional]

Charter Hall initially established and disclosed targets in FY16 via our Annual Report and Shared Value Report which identified time scenarios in FY20, FY25 and FY30 aspirational longer-term targets. In FY19 and in our 2019 sustainability report we share a new FY30 target of 100% reduction in emissions within Charter Hall direct control (Scope 1 and 2) by 2030, which equates to an intensity of 0kgCO₂/m². We will also investigate opportunities to work with our tenant customers and contractors to reduce emissions outside of our control (Scope 3 emissions).

Charter Hall discloses and tracks emissions through NGERS and CDP, as well as in our annual sustainability report. Targets have been set and monitored with asset, property and facility managers to reduce emissions. Green building achievements and maintenance or improvements of these achievements are integrated into contracts.

Charter Hall has trialled new technologies in building management and building efficiency to enhance operations and tenant customer satisfaction.

Read more on our achievements to date and management approach at http://bit.ly/CHC_2019_Sustainability_Report

SG 14 CC	Voluntary	Public	General
-----------------	------------------	---------------	----------------

SG 14.6 CC

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To determine the risk and coverage of risk in the portfolio.	Number of climate risk assessments and climate change adaptation plans	Charter Hall reports on number of assets, number of climate change risk assessments, number of climate change adaptation management plans.
Weighted average carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To reduce the carbon footprint. To measure reduction in carbon emissions in diverse portfolio	kWh/m2/pa	Charter Hall reports on kilowatts per hour/metres squared/per annum.
Carbon footprint (scope 1 and 2)	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To report our carbon footprint (scope 1 and 2 emissions) to the Australian Greenhouse and Energy Regulator annually	kgCO2/m2/ pa	Calculated based on NGERs methodology – base building under operational control
Portfolio carbon footprint	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To report our carbon footprint and demonstrate reductions across reporting years	kgCO2/m2/ pa	Charter Hall report on our carbon emissions by kilograms of carbon by metres squared per annum. According to our operational control boundary under the National Greenhouse and Energy Reporting Act (2007) (NGER).
Total carbon emissions	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To report to the NGERs Regulator and for Science Based Targets	GHG (tCO2) emissions	Charter Hall report on our carbon emissions by kilograms of carbon by metres squared per annum. According to our operational control boundary under the National Greenhouse and Energy Reporting Act (2007) (NGER).
Carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To measure reduction in intensity across the diverse portfolio	kgCO2/m2/ pa	Charter Hall report on our carbon intensity by kilograms of carbon by metres squared per annum. According to our operational control boundary under the National Greenhouse and Energy Reporting Act (2007) (NGER).

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2017	2030	100% reduction in emissions within Charter Hall direct control (Scope 1 and 2) by 2030, which equates to an intensity of 0kgCO2 /m2.	File 1:Charter Hall Group 2019 Sustainability Report.pdf
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	N/A	2020 and ongoing	All office, retail and industrial assets have climate change adaptation plans.	File 1:Charter Hall Group 2019 Sustainability Report.pdf
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2017	2030	100% reduction in emissions within Charter Hall direct control (Scope 1 and 2) by 2030, which equates to an intensity of 0kgCO2 /m2.	File 1:Charter Hall Group 2019 Sustainability Report.pdf
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

The Board and Board Committees, including the Audit Risk and Compliance Committee (ARCC) have responsibility for overseeing Charter Hall's risk management framework. Climate-related risks and opportunities, together with other environmental, social and governance issues, have become an increasingly important focus, with the ARCC receiving regular updates from management on sustainability issues and initiatives, and regularly reviewing Group sustainability strategy, policies and sustainability reports.

The ARCC meets at least four times a year and reviews the Group's top strategic and operational risks at least once a year to consider key controls and mitigants.

The Board has adopted a Group Sustainability Policy that forms the foundation of the Group commitment to sustainable business practices, including climate change, by "assessing and incorporating the effect of climate change risk, adaptation and resilience into our investment and business decisions".

The Charter Hall Climate Risk Assessment process considers vulnerability, exposure and weather and climate events and how they interact to define asset risk. Climate change projections and exposure to natural hazards are carefully selected considering the likelihood of risk to any of Charter Hall properties, including:

- Increase in mean temperature
- Increase in extreme temperature
- Sea level rise
- Present exposure to bushfire and future projections for bushfire
- Historical exposure to extreme storms and future projections for extreme storms
- Historical exposure to cyclones and future projections for cyclones.

The Charter Hall climate change mitigation plans review the climate-related risks in alignment with the Charter Hall risk matrix and against the matrix likelihood and consequence scales. Once the likelihood and consequence of a risk are determined they are combined to estimate the level of risk using the risk assessment matrix. Consequence assessment includes a number of success categories in line with the AGO guidelines for climate change impacts and risk management (AGO 2007). Risks and materiality threshold points for climate-related risks are also integrated into emergency response and management plans and general operational procedures.

Since 2017, Charter Hall has been undertaking climate change adaptation plans which outline, for each building, risk mitigation approaches for management and operation of buildings, in accordance with Charter Hall risk management processes.

The Charter Hall Science Based Target pathway aligns with IEA's Energy Technology Perspectives 2 degree scenario and the IPCC RPC 2.6.

Within the Australian regulatory context, Charter Hall annually reports to the National Greenhouse and Energy Reporting Regulator. We also participate in a range of industry bodies, such as the Property Council of Australia, Green Building Council of Australia, and the City of Sydney Better Building Partnership, which advocate for energy and carbon policy and certainty outcomes within the Australian building codes and regulatory framework.

Processes for climate-related risks are not integrated into overall risk management

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
--------------	--------------------------------------------------	---------------	--------------------	--------------

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
----------------	-------------------------------------------------------------------------------------------------------------------------------

Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.
----------------	----------------------------------------------------------------------------------------------

	%
--	---

100

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
----------------	--------------------------------------------------------------------------------------------------------------------------------------------------

	Area
--	------

Energy efficiency / Clean technology

	Asset class invested
--	----------------------

Property

	Percentage of AUM (+/-5%) per asset class invested in the area
--	----------------------------------------------------------------

59

Brief description and measures of investment

Across Charter Hall's office, industrial and retail sectors, we have now invested in 5.2MW of solar PV installations, generating 7,598MW of electricity per annum. This is enough energy to power 507 homes.

Stage 1 solar rollout program for retail is underway with the installation of 13 MW generation capacity across 15 shopping centres, producing 18 GWh of electricity per annum, equivalent to powering 1,200 homes. The initiative to date has reduced our retail portfolio energy emissions by 25% and has also helped secure stable energy pricing for around 40% of each sites' electricity demand over the next decade.

We also are looking to incorporate renewable energy on all new large retail and industrial developments.

Through our net zero pathway, Charter Hall will investigate further renewable opportunities to address Scope 2 emissions.

We will continue to work in partnership with our customers to expand the energy efficiency and renewable footprint of our entire portfolio, resulting in mutually beneficial outcomes for both our customers and our business.

Renewable energy

Asset class invested

Property

Percentage of AUM (+/-5%) per asset class invested in the area

30

Brief description and measures of investment

Across Charter Hall's office, industrial and retail sectors, we have now invested in 5.2MW of solar PV installations, generating over 7,598MW of electricity per annum. This is enough energy to power 507 homes.

Stage 1 solar rollout program for retail is underway with the installation of 13 MW generation capacity across 15 shopping centres, producing 18 GWh of electricity per annum, equivalent to powering 1,200 homes. The initiative to date has reduced our retail portfolio energy emissions by 25% and has also helped secure stable energy pricing for around 40% of each sites' electricity demand over the next decade.

We also are looking to incorporate renewable energy on all new large retail and industrial developments.

Through our net zero pathway, Charter Hall will investigate further renewable opportunities to address Scope 2 emissions.

We will continue to work in partnership with our customers to expand the energy efficiency and renewable footprint of our entire portfolio, resulting in mutually beneficial outcomes for both our customers and our business.

Green buildings

Asset class invested

Property

Percentage of AUM (+/-5%) per asset class invested in the area

83

Brief description and measures of investment

We have Green Star Performance ratings on 212 assets and 17 with Design & As Built certifications, maintaining Australia's largest Green Star footprint.

We invest in high value green buildings in acquisitions and developments.

We use Green Star and NABERS ratings to seek continual improvement in the quality and performance of our assets.

FY20 Targets

- 3 Star average Green Star Performance Rating across the Group.
- Green Star ratings on all new developments, with 5 Star Green Star Design and As Built ratings sought on new large office developments.
- 4.75 Star NABERS Energy Weighted Average Rating for office assets.
- Improvement on NABERS Energy Ratings for retail assets.
- Smaller retail centres targeting 3% reduction in energy consumption, from FY19 baseline.

FY25 Targets

- 4 Star average Green Star Performance rating - office assets.
- 5 Star Green Star Design and As Built ratings sought - new office developments.
- 5 Star NABERS Energy Weighted Average Rating - office assets.
- 4 Star NABERS Energy Weighted Average Rating - retail assets.

We invest in new technologies to improve the operational performance of buildings and provide customer comfort. These technologies include Comfy which enables building occupants to control the temperatures within tenancies, resulting in energy savings in buildings.

- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing

Asset class invested

- Property

Percentage of AUM (+/-5%) per asset class invested in the area

0.2

Brief description and measures of investment

Charter Hall has also invested in seeding to emerging PropTech enterprises to enhance operations and responds to evolving and changing landscapes. We are recognised as the only AREIT named in the ASX 200 top 20 most innovative companies in 2018, as rated by innovation consultants, Collective Campus.

Charter Hall continues to partner with the Foundation for Young Australians mentoring young social pioneer enterprises and providing seed funding to enable enterprise development.

- Social enterprise / community investing

Asset class invested

Property

Percentage of AUM (+/-5%) per asset class invested in the area

1

Brief description and measures of investment

Charter Hall Pledge 1% commits our People: Places: and Partnerships to community investment, through volunteering and workplace giving, donation matching, community place creation, enterprise development and community partnerships.

In FY19, Charter Hall contributed the following through our Pledge 1%"

- People: 378 employee volunteer days.
- Places: Over \$1.8 million or 37,997sqm in space utilised by community organisations and for health and wellbeing activities.
- Partnerships:
 - Invested \$775,000 in community programs and services.
 - \$196,000 raised for Rural Aid by our retail centres and customers to support drought affected communities.

Charter Hall are partners with Social Traders, resulting in an increase of social procurement through corporate services, as well as through our supply chain.

Affordable housing

Education

Asset class invested

Property

Percentage of AUM (+/-5%) per asset class invested in the area

5

Brief description and measures of investment

Charter Hall developed and manages the University of Western Sydney, 1 Parramatta Square, Parramatta campus. This development has provided the University with a state of the art building, in the easily accessible heart of Parramatta and Western Sydney. 1 Parramatta Square is an integrated development which links the university sector with the commercial office sector and facilitated the co-location of corporate tenants that have strong synergies with the University.

<http://1psq.com.au/>

Charter Hall is now focused on developing more education assets, including a second vertical campus for Western Sydney University and University of New South Wales.

Our FY19 acquisition of Folkestone funds management business, which included a number of listed and unlisted funds, makes us the largest Australian property trust investing in social infrastructure (early learning assets) properties in Australia and New Zealand.

Global health

Asset class invested

Property

Percentage of AUM (+/-5%) per asset class invested in the area

0.01

Brief description and measures of investment

Charter Hall's Melbourne and Perth offices achieved the WELL Certified™ Silver Interiors rating from the International WELL Building Institute, in FY18. These were the first WELL rating to be achieved in WA and the first Interiors rating in VIC. In FY19 our Charter Hall Brisbane tenancy registered for WELL Core and Shell certification and a WELL Portfolio rating is underway for the Charter Hall Office Trust portfolio.

The International WELL Building Institute Certification is underpinned by seven key principles: air, water, nourishment, light, fitness, comfort and mind. The notion is that, by integrating these elements into workplaces, we can create a healthy and productive work environment that enables people to bring their whole selves to work. The certification not only looks at the physical environment, but also considers procurement practices, office systems, employee benefits and broader policies and processes.

WELL building accreditation sought for all large Charter Hall tenancies and in new office developments.

- Water
- Other area, specify

No

SG 15.4

Please attach any supporting information you wish to include. [OPTIONAL]