

Charter Hall Group
Our Modern Slavery
Statement
FY21



Our Modern Slavery Statement

FY21

Acknowledgment of Country

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

Right
1 Shelley Street, Sydney



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Welcome

This is our second Modern Slavery Statement (Statement). It outlines the approach our business has taken to understand, identify, manage and mitigate the risks of modern slavery in our operations and supply chain for the Financial Year ended 30 June 2021.

This Statement has been prepared and issued by Charter Hall Limited (ABN 57 113 531 150) and Charter Hall Funds Management Limited (ABN 31 082 991 786 AFSL 262861) (CHFML) as Responsible Entity of the Charter Hall Property Trust (together, the Charter Hall Group or CHC for the purposes of reporting under the Modern Slavery Act 2018 (Cth) (the Act)).

This Statement covers the following Charter Hall Group Reporting Entities:

- Charter Hall Holdings Pty Ltd (CHH)
- Charter Hall Funds Management Limited (CHFML) as Responsible Entity for Charter Hall Property Trust (CHPT)
- Charter Hall Social Infrastructure Limited (CHSIL) as Responsible Entity for Charter Hall Social Infrastructure REIT (CQE)
- Charter Hall Direct Property Management Limited (CHDPML) as Responsible Entity for Charter Hall Direct Office Fund (DOF)
- Charter Hall Direct Property Management Limited (CHDPML) as Responsible Entity for Charter Hall Direct PFA Fund (PFA)
- Charter Hall Investment Management Limited (CHIML) as Responsible Entity for Charter Hall Prime Industrial Fund (CPIF) and Charter Hall Prime Office Fund (CPOF)
- Charter Hall Retail Management Limited (CHRML) as Responsible Entity for Charter Hall Retail REIT (CQR)
- Charter Hall WALE Limited (CHWALE) as Responsible Entity for Charter Hall Long WALE REIT (CLW)
- Charter Hall Wholesale Management Limited (CHWML) as Trustee for Charter Hall Office Trust (CHOT)
- Charter Hall Wholesale Management Limited (CHWML) as Trustee for the Core Logistics Partnership Trust (CLP) (together, the Reporting Entities).

References to ‘Charter Hall’, ‘CHC’, ‘our’, ‘we’ in this Statement are references to Charter Hall Group and each of its Reporting Entities.

Consultation with Charter Hall Reporting Entities

In FY21, we continued our modern slavery consultation approach from FY20. Each of our Reporting Entities has its own governance structure (including its own Board) that determines decision-making for assets within its portfolio.

The Reporting Entities are supported by Group and sector sustainability and community teams who provide regular updates and reports to each Board.

All our Responsible Entities have endorsed: the CHC Sustainability Policy and the CHC Sustainability Strategy, reflecting our commitment to responsible and sustainable business practices; the CHC Human Rights Policy, that outlines our commitment to human rights in our operations and supply chains; along with the CHC Supplier Code of Conduct, which promotes ethical, environmental and social standards throughout our supply chain, including our relationships with contractors, subcontractors, consultants and suppliers.

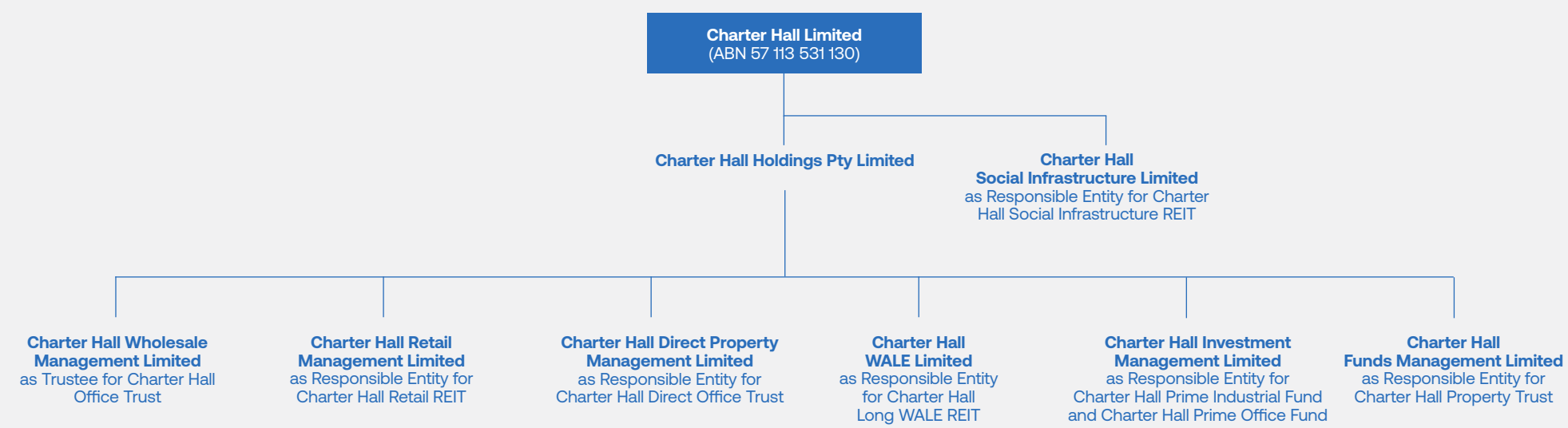
Each of our Reporting Entities has delegated day-to-day operational management to the Charter Hall Group. This management is undertaken in accordance with our policies and codes of conduct.

The Charter Hall Group has engaged with the Reporting Entities on modern slavery through Board briefing papers and presentations on the Group Human Rights and Modern Slavery Framework.

This Statement was designed in consultation with Charter Hall Group’s controlled entities and Reporting Entities, through meetings with the appropriate executive team and circulating the draft statement for comment.

The Modern Slavery and Human Rights working group (with representatives from key functions and sectors) reviewed the Statement and held a working group meeting with the sole purpose of reviewing and providing feedback on the FY21 Statement. In addition, a sub-Working Group (made up of a representative from the Group and from each sector) provided initial input as to the achievements, progress and challenges to be addressed in this year’s Statement.

Our structure





“As one of Australia’s leading property funds management companies, we recognise the important role we play in the lives of many people and communities across Australia and beyond, both directly and indirectly.

David Harrison
Managing Director & Group CEO

Managing Director & Group CEO message

Our commitment to securing better futures for those we work with is underpinned by the belief that success must be shared and that true partners look after and protect each other. Our supply chain is integral to the way we do business and we take our responsibilities to those companies and their workers very seriously.

We have already taken significant steps to ensure that our approach to human rights and modern slavery is thoughtful and comprehensive. Identifying and managing modern slavery risks is an ongoing responsibility for our Group, as well as for the industry.

To create meaningful change, the Australian property industry is building a powerful collaboration model through the efforts of the Property Council of Australia (PCA) Modern Slavery Working Group. This Working Group provides a forum for leaders across the property industry to work together to understand our supply chain modern slavery risk, engage with suppliers and build supplier capacity to address modern slavery.

As members of the PCA National Sustainability Roundtable and the PCA Modern Slavery Working Group (which one of our employees Chairs), Charter Hall is playing a key role in improving the property industry’s capacity to address modern slavery risks across our common supply chain.

The social and economic upheavals of COVID-19 have challenged us to work closely with our people, customers, and partners to ensure that we are supporting our communities, including people in our supply chain.

Some industries have been particularly affected. The cleaning industry was impacted by the pandemic, both through the economic impact of lockdowns and the health risks faced by workers who continued to attend their workplaces. Their work is essential in keeping our communities safe and limiting the spread of COVID-19, particularly as we return to our workplaces and shopping centres.

Against this backdrop, we continued to engage with our supply chain partners to further embed responsible supply chain, human rights and modern slavery risk minimisation practices into our approach through our Supplier Code of Conduct, supplier agreements and capital works and development agreements.

We conducted an analysis of our annual supplier spend across the Charter Hall Group in the high-risk categories of cleaning, security, air-conditioning, electrical, fire and handyman services, and found that cleaning makes up 48% of total high-risk spend and security a further 28%. These high-risk categories will be a key focus for our modern slavery initiatives moving forward across all sectors.

We continue to be led by our belief that everyone deserves to be treated equally and with dignity and actively seek out opportunities to improve resilience in the wider community. When everyone shares in successes, then we can all move forward together.

In financial year 2022, our key strategic initiative is to undertake a modern slavery diagnostic to understand our current modern slavery maturity. This analysis will be used to develop a three-to-five-year roadmap to develop a sustained and comprehensive approach to modern slavery across all sectors, led by our Charter Hall Modern Slavery and Human Rights Working Group and ESG Committee.

This Statement was approved by the Charter Hall Group Board on 8 December 2021.

David Harrison
Managing Director & Group CEO

Key achievements this year

- Mandated that all supplier agreements include **modern slavery clauses** to ensure we partner with suppliers who have committed to effectively managing their modern slavery risks.
- Mandated that all existing suppliers review and accept the **Supplier Code of Conduct**, which outlines mandatory modern slavery compliance for all our suppliers. New suppliers must sign our Supplier Code of Conduct.
- Modern slavery clauses included in our **development and capital works contracts**.
- Engaged three high-risk suppliers in **‘Deep Dive’ workshops** to better understand how suppliers are identifying, assessing and mitigating untoward labor practice, modern slavery and related human rights risks in their operations and in their own supply chains.
- Promoted our **whistle-blowing hotline** through multi-lingual posters (in seven different languages) to all service areas in our Retail, Office and Industrial & Logistics portfolio.
- Continued to drive **industry collaboration** and direction on modern slavery with one of our employees acting as Chair of the Property Council of Australia’s Modern Slavery Working Group.

Our business operations and supply chain

Securing better futures for all

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

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

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

Our funds under management

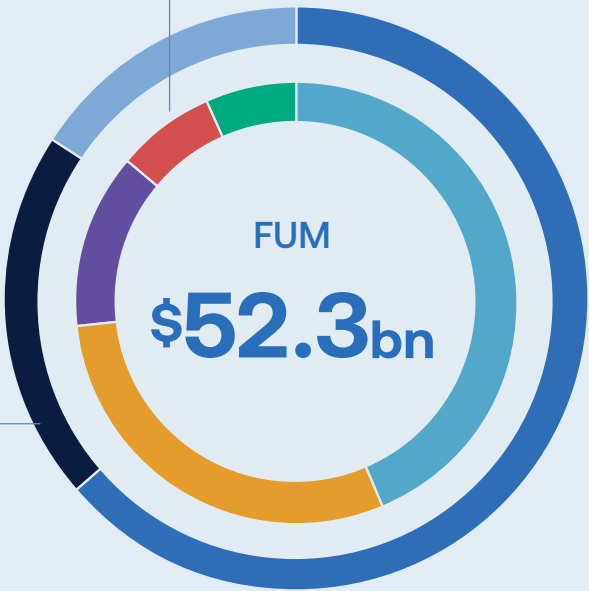
Our FUM grew 29% from previous year

FUM by sector

- Office \$22.8bn 43.6%
- Industrial & Logistics \$15.5bn 29.7%
- Long WALE Retail \$6.7bn 12.8%
- Shopping Centre Retail \$3.8bn 7.3%
- Social Infrastructure \$3.4bn 6.5%

FUM by equity source

- Wholesale Equity \$33.3bn 63.7%
- Listed Funds \$10.8bn 20.6%
- Direct (Retail) Equity \$8.2bn 15.7%



Our Purpose





Our commitment to mutual success underpins all our goals



We create better futures by driving value and mutual success

Our Values

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

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

20+ active funds & partnerships

ASX 100 listed company

\$7.2bn market capitalisation

Our Scale

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

 1,388 properties

 \$10.1bn transactional activity

 9.0m sqm of lettable area across the Group

Figures in this document are as at 30 June 2021.

Our property portfolio



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



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



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



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



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

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

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

WA

Portfolio value:

\$4.2bn

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

5.0 Star NABERS Energy Office

3.8 Star NABERS Energy Retail

Qld

Portfolio value:

\$8.5bn

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

4.8 Star NABERS Energy Office

5.0 Star NABERS Energy Retail

NSW & ACT

Portfolio value:

\$22.7bn

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

5.0 Star NABERS Energy Office

4.5 Star NABERS Energy Retail

SA

Portfolio value:

\$2.4bn

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

5.4 Star NABERS Energy Office

5.2 Star NABERS Energy Retail

Vic

Portfolio value:

\$12.9bn

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

5.0 Star NABERS Energy Office

4.9 Star NABERS Energy Retail

Tas

Portfolio value:

\$0.6bn

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

3.2 Star NABERS Energy Office

Our funds and partnerships

Our entities include the following funds and partnerships:

Listed entities

- Charter Hall Group (ASX:CHC)
- Charter Hall Retail REIT (ASX:CQR)
- Charter Hall Long WALE REIT (ASX:CLW)
- Charter Hall Social Infrastructure REIT (ASX:CQE)

Unlisted funds

Direct Funds

- Charter Hall Direct Industrial Fund No. 4 (DIF4)
- Charter Hall Direct Office Fund (DOF)
- Charter Hall Direct PFA Fund (PFA)
- Charter Hall Direct Long WALE Fund (LWF) (Previously known as DCSF)

Wholesale Property Funds

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

Partnerships

- Charter Hall Office Trust (CHOT)
- Charter Hall Counter Cyclical Trust (CCT)
- Charter Hall DVP Fund (DVP)
- Charter Hall Brisbane Square Wholesale Fund (BSWF)
- Charter Hall Retail Partnership No. 1 (RP1)
- Charter Hall Retail Partnership No. 2 (RP2)
- Charter Hall Retail Partnership No. 6 (RP6)
- Charter Hall Australian Investment Trust (CHAIT)
- Charter Hall Core Logistics Partnership (CLP)
- Charter Hall Long WALE Hardware Partnership (LWHP)

For more information on our fund portfolio please visit:

charterhall.com.au/investments/funds

Figures in this document are as at 30 June 2021.

Our operations and supply chain

We have over 4,400 suppliers.

We use our property expertise to access, deploy, manage and invest equity in the Office, Industrial & Logistics, Retail and Social Infrastructure sectors. Our goal is to create value and generate superior returns for our customers to help them go further.

Our key products and services include property development, property management (including asset management and property leasing), investment management and portfolio integration (providing integrated property portfolios for customers).

Our supply chain is made up of over 4,400 suppliers who support our operational management and development functions and services in over 890 communities throughout Australia.

Aligning our strategies

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



Access

Accessing equity from listed, wholesale and retail investors



Manage

Managing our funds, assets and leasing and development services



Deploy

Creating value through attractive investment opportunities



Invest

Investing alongside our capital partners

Our supply chain and communities

45,000+

Customers

4,468

Total suppliers engaged

393

High-risk suppliers

560+

Total employees

5

Workplaces (nationally)

>890

Communities (nationally)

Our capabilities and services

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

Investment management

Accessing equity to secure properties to generate returns

Asset management

Driving performance and creating outstanding spaces for customers

Property management

Day-to-day management of properties

Property leasing

Securing long-term leasing by delivering solutions to customers needs

Property development

Delivering innovative developments that focus on sustainability and adding value

Portfolio integration

Providing integrated property portfolios for customers

Supply chains across key services

Property development	Property management, Asset management and Property leasing	Investment management and Portfolio integration
<ul style="list-style-type: none">– Head contractor– Engineering services– Construction labour and services– Construction materials and equipment	<ul style="list-style-type: none">– Facilities management– Grounds and gardens– Security– Cleaning and hygiene– Waste management– Building maintenance– Professional services supporting building management– Airconditioning– Fire services	<ul style="list-style-type: none">– Professional and financial services– Office supplies and furniture– Information Communication Technology services and equipment– Marketing merchandise– Waste services– Building services and equipment– Airconditioning and fire services– Courier services

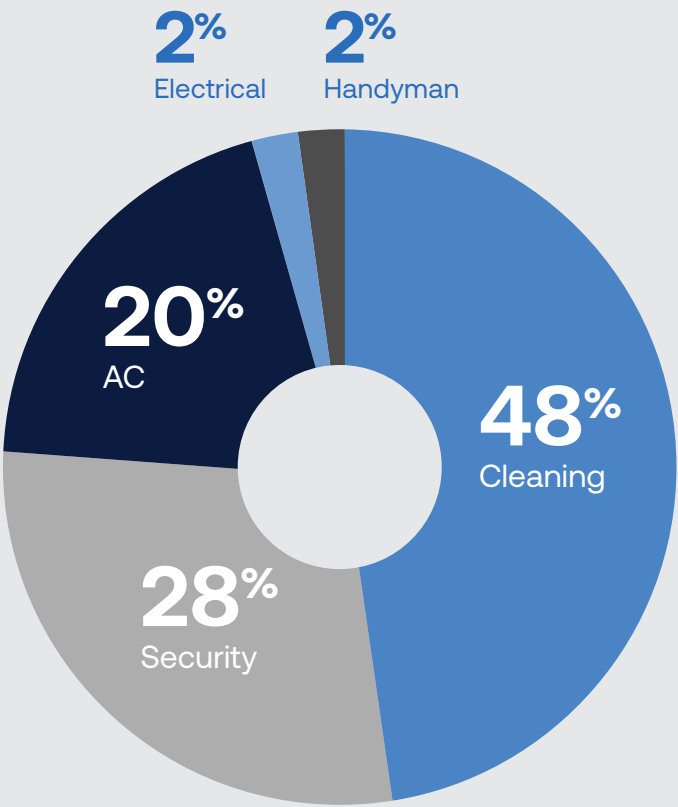
Property management

Across our Office and Industrial & Logistics businesses, we partner with global property management firm CBRE, who procure and manage our property maintenance services. As part of their service agreement with us, CBRE are responsible for the management of modern slavery risks in their supply chain.

We manage our Retail assets and have established procurement policies and procedures that incorporate modern slavery requirements.

Across our Social Infrastructure portfolio and Industrial & Logistics portfolio on triple net leases, our tenants largely retain operational control of these assets, including property maintenance and related supply chain choices.

Total spend per high-risk category



Focusing on high-risk suppliers

Certain supplier categories represent the highest risk for potential occurrences of modern slavery in our supply chain (see our [modern slavery risk assessment](#)).

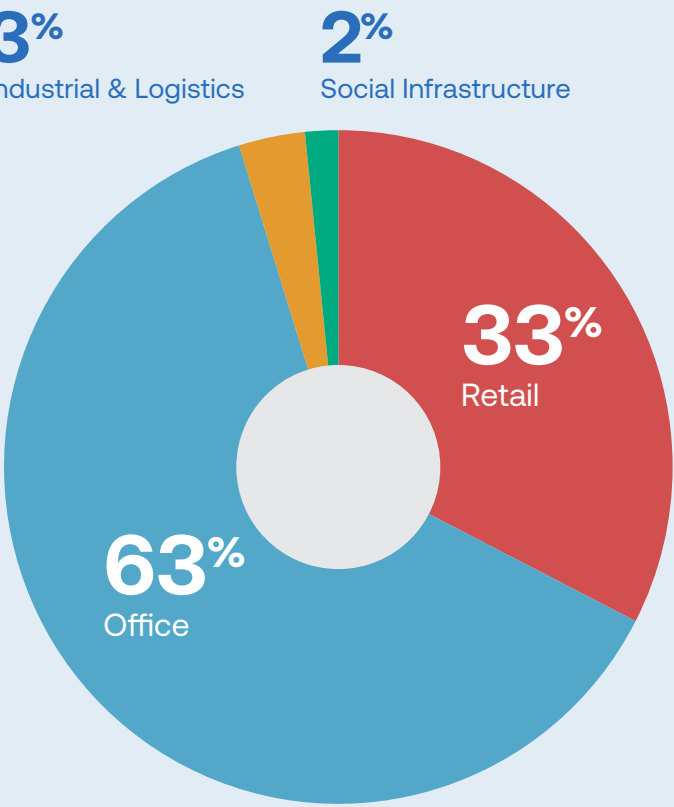
In FY21, we engaged with 393 high-risk suppliers and purchased goods and services valued at over \$76 million in key high-risk categories of cleaning, security, air-conditioning, electrical and handyman services.

Cleaning and security make up 76% of total high-risk spend, and 91% of high-risk spend in the Retail sector and 74% in the Office sector.

As part of our cleaning and security spends across the portfolio, we engaged with 55 suppliers (29 cleaning suppliers and 26 security suppliers). Over 95% of the total spend was with 15 suppliers. As a result of this concentration, these suppliers will be a key focus for modern slavery compliance going forward.

95% of spend in high-risk industries of cleaning and security is with 15 suppliers

Total high-risk spend per sector



Assessing our modern slavery risks

Responding effectively to our modern slavery risks involves understanding the types of exploitative labour practices and breaches of human rights that give rise to situations where modern slavery occurs. Understanding these allows us to act to prevent or address high-risk situations before they become modern slavery situations.

Why is property and construction high risk?¹

- 

High demand for low-skilled labour force
- 

Poor visibility over long and complex supply chains
- 

Low-tier suppliers operating in high-risk geographies

Modern slavery risk factors

In FY21, we built upon the risk assessment conducted by a third-party expert in 2018 of our operations and supply chains as part of a broader Human Rights and Modern Slavery Framework. This involved prioritising our most material modern slavery risks and mapping our supply chain against the key modern slavery risk factors of vulnerable workforce, business model and geographical location. This led us to define three areas of priority:

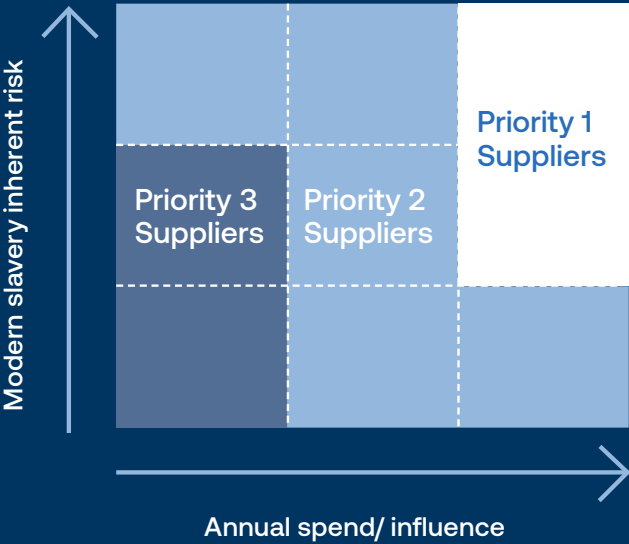
Priority Supplier Service Category	Risk factors		
	Vulnerable workforce	Business model	Geographical location
Construction materials and equipment	Low-skilled occupations	Extensive and complex supply chains Subcontracting of manufacturing operations Low profit margins	Possible jurisdictions with low human rights standards for extraction, processing and manufacturing
Construction labour and services	Low-skilled occupations Migrant workforce	Tight deadlines Extensive use of subcontracting and casual labour Low profit margins	Australia
Property and facilities management and operations, including cleaning and hygiene, grounds and gardens and security	Low-skilled occupations Migrant workforce	Low profit margins Casual labour Subcontracting	Australia

These risks are present across all our sectors to varying degrees, with cleaning and security risks most present across our Office and Retail portfolios. Our tenants in Industrial & Logistics and Social Infrastructure (such as early learning centres) retain operational control and they largely directly engage their own cleaning and security employees.

We work with tenants across these sectors to address modern slavery requirements through our supplier agreements, code of conduct and other engagement opportunities.

We also developed our human rights and modern slavery risk matrix which ranks our suppliers in terms of risk versus spend, with each supplier designated a category (Priority 1-3 Supplier) based on their inherent risk and our annual spend.

Human rights and modern slavery risk matrix



In FY21 we continued to apply our human rights and modern slavery risk matrix to over 4,000 of our suppliers. We identified Priority 1 suppliers to participate in a pre-qualification assessment. We also used the matrix to select five suppliers for a desktop audit by a third-party consultancy to assess the completeness and accuracy of their responses to the prequalification survey. These suppliers represented the high-risk industries of cleaning, security and construction.

Further, together

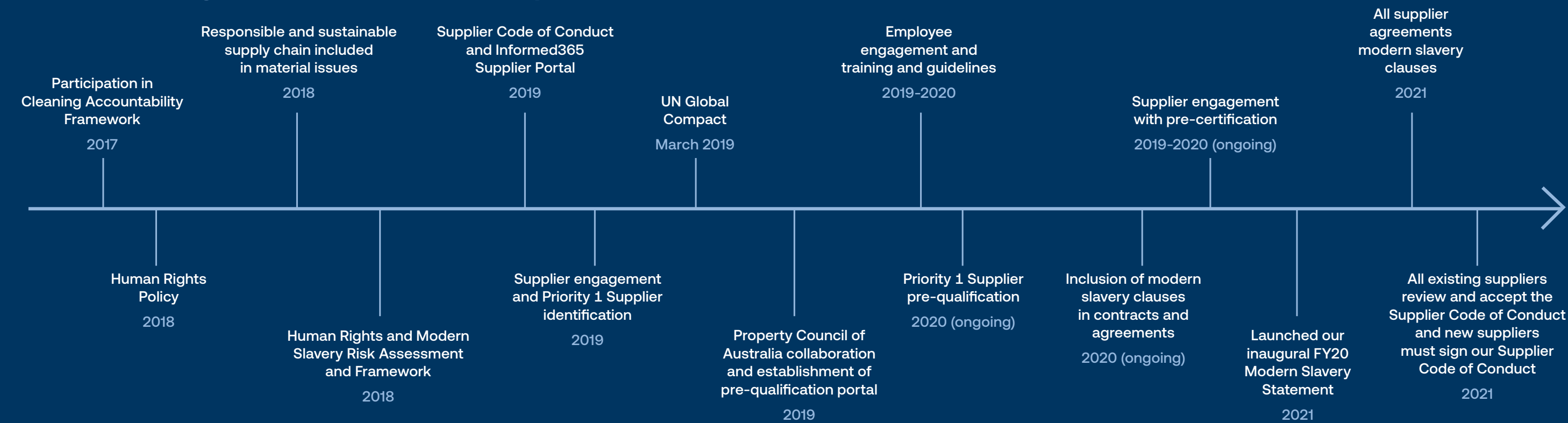
For us, responsible and sustainable supply chain management includes working with other industry bodies as well as our own suppliers on their modern slavery approaches.

We're actively engaged with the Property Council of Australia's (PCA) Sustainability Roundtable, which established a PCA Modern Slavery Working Group (Working Group) in 2019. This Working Group meets monthly and provides a supportive and collaborative approach for the property industry to better understand and address risks across our common supply chain.

In FY21 we continued to collaborate with this Working Group on the PCA prequalification supplier platform. This platform asks suppliers about the actions they are taking to assess and address human rights issues and modern slavery risks across their operations and supply chains. The supplier prequalification portal also recognises that our suppliers in turn work with others in the property industry and enables them to complete a survey on their supply chains and practices, which can be shared with other property organisations.



Our Human Rights and Modern Slavery milestones



How we assess and address our modern slavery risks

The Charter Hall Human Rights and Modern Slavery Framework (Framework) sets our Group-wide approach, which is then adopted and implemented by each business sector’s operations. In FY21 our Framework had four core elements:

1

Governance

Our ongoing management review and continuous improvement of our policies, procedures and practices and reporting.

2

Procurement & supplier engagement

Understanding our supply chain risks and working with suppliers and industry bodies to manage and mitigate them.

3

Education & enabling our people

Providing our employees with an understanding of human rights, modern slavery and how we can work together to provide solutions.

4

Grievance & remediation

Listening to the voices of the people engaged in our supply chain and ensuring they have an avenue to speak up.

1

Governance

We enhanced our modern slavery governance structure and approach throughout FY21. We are managing our operations in line with the UN Guiding Principles on Business and Human Rights, the UN Global Compact and Australian modern slavery legislation because together these reflect both our business needs and the expectations of our customers and key stakeholders.

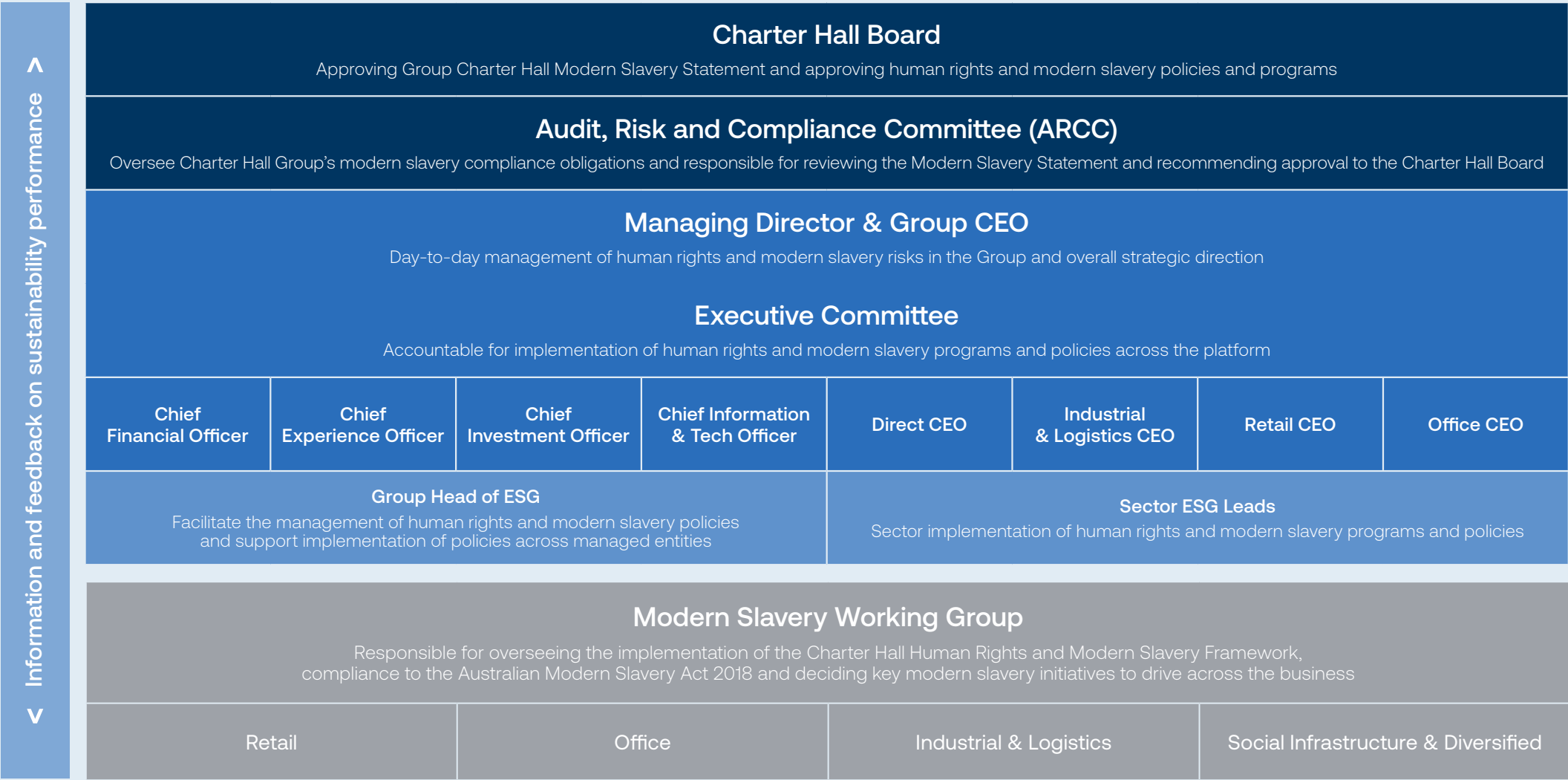
In alignment with our corporate values, we are committed to maintaining ethical, environmental, and social standards and to continuously improving our application of these throughout our operations, practices and supply chain. This commitment extends to our Directors, employees, contractors, subcontractors, consultants and suppliers who we expect to conduct business in a safe, responsible and equitable manner and in compliance with all applicable laws, regulations and standards.

Our Human Rights and Modern Slavery Framework sets out the responsibility of all our people in their day-to-day roles and is overseen by our Human Rights and Modern Slavery Working Group (Working Group), which reports through to our Executive Committee, the Charter Hall Audit Risk and Compliance Committee (ARCC) and our Board.

Our Working Group is responsible for assessing and managing our modern slavery risks and developing the strategies and initiatives that are then integrated into the broader business. The Working Group comprises representatives from risk and compliance, procurement, operations and development, legal, people and sustainability. It is chaired by our Group Head of ESG and is sponsored by our Chief Finance Officer and Chief Experience Officer. The sustainability team and sector ESG leads report through to sector leadership teams and fund Boards on the progress and implementation of initiatives for their sector and fund. Where a human rights or modern slavery risk has been identified, the Working Group implements our modern slavery notification processes to guide our investigations and development of solutions.



Modern Slavery governance framework



Alignment with modern slavery communities of practice

Charter Hall values the insights and opportunities gained from collaborating with industry in managing many modern slavery risks. This table provides a summary our key human rights memberships, collaborations and reporting frameworks.

United Nations Global Compact (UNGC) Network Australia Modern Slavery Community of Practice	This group shares emerging best practice to build common capability in addressing modern slavery human rights risk management among Australian businesses. The UNGC is a global movement of companies and stakeholders aiming to create a more sustainable world. To achieve this, the UNGC encourages companies to align their strategies and operations with its Ten Principles on human rights, labour, environment and anti-corruption, and to take actions that advance better societal outcomes through collaboration and innovation. We are proud to have been a signatory to the UN Global Compact since 2019. This year, we continued our commitment to the UNGC principles and documented how we're making progress on these principles. See communication on our progress .
Property Council of Australia (PCA) Modern Slavery Working Group	We are actively engaged in the PCA's Sustainability Roundtable, which established a Modern Slavery Working Group in 2019. The Working Group provides a collaborative approach to not only understanding our supply chain modern slavery risk, but also building supplier capability of our combined supply chain, while reducing the burden on our suppliers with multiple requests. This resulted in the creation of a supplier prequalification assessment, in partnership with Informed365. A Charter Hall employee chairs this Working Group.
Cleaning Accountability Framework (CAF)	Business, union, government, academics and industry associations came together to form CAF as a whole-of-industry approach aimed at reducing the exploitation of cleaners. The CAF Certification Scheme provides a credible framework to measure social compliance within the cleaning industry. With cleaning services identified as a higher-risk segment for modern slavery, we were an early adopter of the CAF in 2017. As a member of CAF, we advocate for sustainable change in the cleaning industry. Charter Hall have four of the 26 CAF-certified buildings across Australia.
Supply Chain Sustainability School	We are members of the Supply Chain Sustainability School which enables sustainable supply chains through open access to educational resources. The Supply Chain Sustainability School also partners with the PCA Modern Slavery Working Group to provide training to suppliers on the risks of modern slavery and how to identify and address these risks in their supply chains.
Social Traders Australia	Social Traders connect certified social enterprises with business and government members to create positive impact through jobs, community services and support for the most marginalised. As a member, Charter Hall supports social enterprises and vulnerable members of the community through our supply chain.





2

Procurement and supplier engagement

Agreements and Code of Conduct

We work closely with our suppliers to collaboratively address the modern slavery risks in our supply chain. In FY21, we mandated that:

- All supplier agreements include modern slavery clauses to assist in ensuring our supplier partners are effectively managing their modern slavery risks;
- All existing suppliers review and accept the Supplier Code of Conduct on an annual basis;
- New suppliers must sign our Supplier Code of Conduct as part of our onboarding process; and
- All development and capital works projects include modern slavery clauses.

Supplier screening, contracts and collaboration

During the year, we continued to roll out the PCA's supplier pre-qualification questionnaire with our top 100 suppliers across the Group. These suppliers were selected using our modern slavery risk matrix. 64% completed the survey, with all suppliers receiving a risk category of level 2 or 3 based on their responses, representing low to medium risk categories. Results are reviewed on a quarterly basis and used to inform further capability-building activities.

Going forward, we will focus on the labor-intensive industries of cleaning and security for the prequalification survey, which, as we identified above, represented 76% of our high-risk spend in FY21 across Charter Hall Group. We will work with these suppliers to ensure they complete the prequalification survey and to address any issues or areas for improvement identified through this process.

We also selected five suppliers for a desktop audit by a third-party consultancy to assess the completeness and accuracy of their responses to the prequalification survey. The five suppliers operate in the high-risk industries of cleaning, security and construction. The desktop audit was designed to provide feedback on the completeness of their responses, how they understand the modern slavery questionnaire and how we can best support them to improve their modern slavery risk profile.

Case study: diving deep into modern slavery

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

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

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

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

These Deep Dive workshops provided Charter Hall with key insights into our supply chain risks, and how we can work with our suppliers to address these:

- Modern slavery risk management is a rapidly evolving area. The workshops reiterated the need for frequent supplier engagement and knowledge sharing.
- Informal mechanisms can drive internal change. Two of the three chosen suppliers spoke to the change that was spurred as a result of being invited to the Deep Dives. The mutual learning experience was powerful and gave Charter Hall deeper insights into our supplier modern slavery risk profile.
- The level of detail provided in the PCAQ varied significantly across suppliers. A valuable aspect of the Supplier Deep Dive was gaining insight into the user experience of the questionnaire, enabling us to leverage our position with the PCA to drive improvements to the PCAQ to ensure the data we collect enhances our visibility of modern slavery risks.

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

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



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





3

Education and enabling our people

Education is a big part of effectively managing modern slavery risks and we have continued to build on the work we undertook last financial year to deepen our organisation’s understanding of modern slavery.

We use an employee guide developed in FY20 to help our people and suppliers to understand their responsibilities in identifying and responding to modern slavery incidents.

This year, all our people received mandatory modern slavery refresher training, including training on the process of reporting issues should they find or suspect modern slavery in our operations or supply chains (see notification process on following page).

These initiatives resulted in:

- 100% of our people receiving communications on the risks and responsibilities relating to human rights and modern slavery; and
- 100% of our people completing training on human rights and modern slavery issues.

Members of our Modern Slavery and Human Rights Working Group received training through our regular meetings to share industry best practice, challenges and brainstorm opportunities to strengthen our modern slavery response.

In addition, CBRE provided mandatory training to all their employees involved with our account. The training material is now being developed into a mandatory compliance learning module and will be used as a refresher for all CBRE employees directly involved in our procurement processes.

We have continued to communicate with our suppliers on human rights and their responsibilities and provided further education resources through the PCA Modern Slavery Working Group, which we have chaired for two years in a row. In FY21, we became a member of the Supply Chain Sustainability School (SCSS). We have commenced engaging our suppliers in the high-risk, labour-intensive industries of cleaning and security to sign up with SCSS. A priority for FY22 will be working with SCSS to identify relevant modern slavery and broader human rights training for our suppliers.

4

Grievance and remediation



We updated our grievance procedure in FY20 to enable us to receive grievances in relation to breaches of our Human Rights Policy.

Our aim is for this procedure to meet UNGP's criteria for effectiveness, including establishing internal mechanisms to enable us to investigate and remedy grievances promptly.

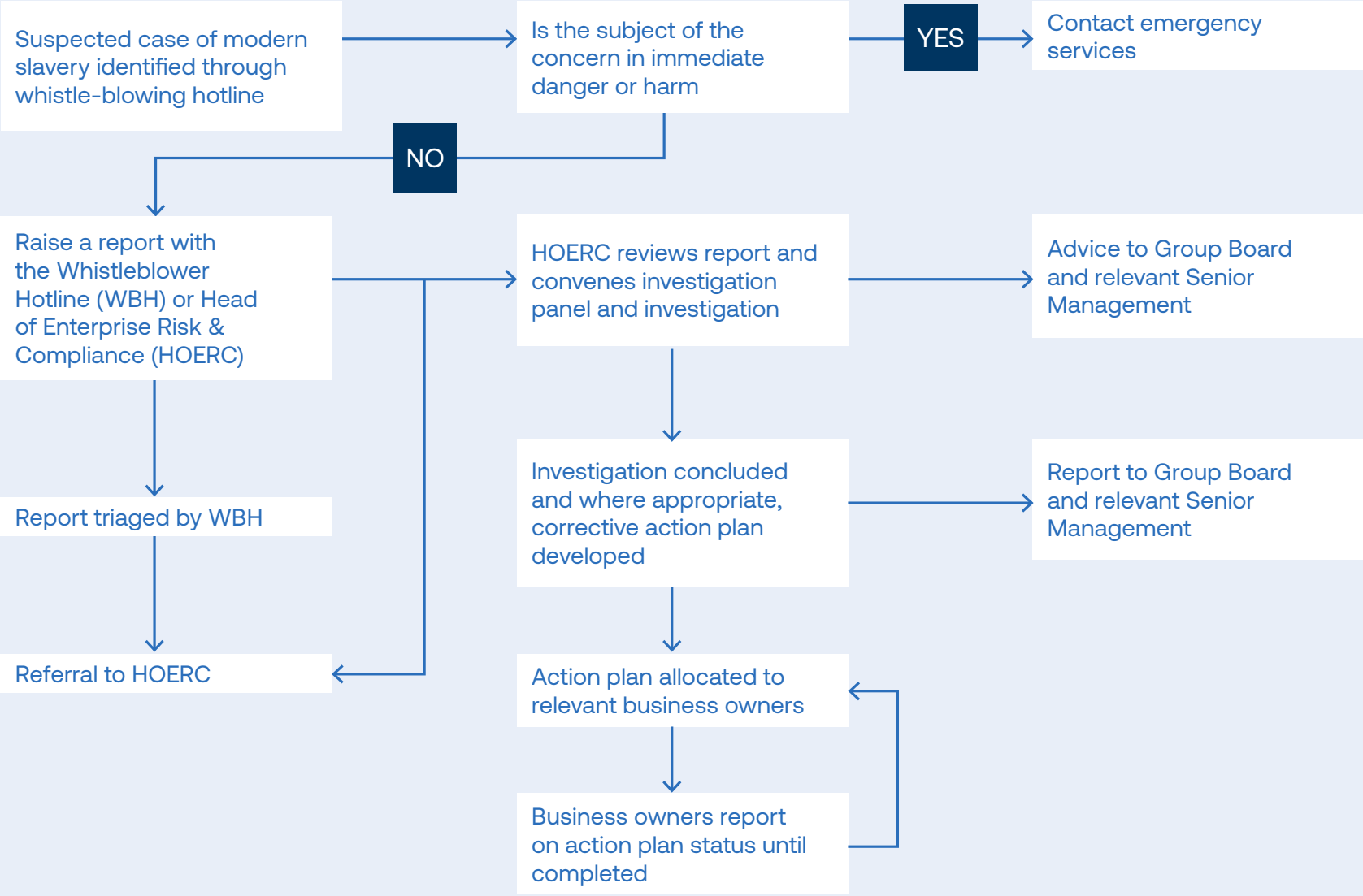
In FY21, two grievance procedures were initiated, with one being lodged and one withdrawn. Neither were related to modern slavery.

This year, we promoted our whistle-blowing hotline through multi-lingual posters (in seven different languages) to all service areas in our Retail, Office and Industrial & Logistics portfolio to cater for the different nationalities in our site teams.

Within our property operations, we incorporated an additional check into our contractor sign-in system. Before they sign out, the SINE system asks contractors whether they 'would like to report anything that they saw or experienced when on site?'. Through regular engagement with our contractors we will encourage a speak-out culture that will allow us to respond before risky or inappropriate behaviours escalate.

Our modern slavery notification process

One of our FY20 targets was to create and implement a modern slavery grievance and remediation process. The process focuses on working closely with our employees and suppliers to ensure effective remediation is achieved in a timely manner. We publicly disclosed our grievance procedures in Section 12 of our Supplier Code of Conduct. In June 2020 we also launched our internal Charter Hall Modern Slavery Guidelines that outlines the process for raising a grievance.



Some delays because of COVID-19

The COVID-19 pandemic has posed varying challenges across our operations and supply chain. During FY21, we have remained focused on the health, safety and wellbeing of our people, customers and broader community, while continuing to progress our modern slavery response.

We engaged regularly with our investor community, keeping them informed about our responses and the actions we were taking to ensure the safety of our people, places and visitors.

We have also worked closely with our tenant customers and suppliers to support customers, communities and people to work safely in our buildings and to keep them informed on changes to operations. Specific measures have included rent relief, hygiene initiatives, adaptation of digital engagement and support with returning to workplaces.

Because of the impact of COVID-19 on our suppliers, several modern slavery initiatives were postponed, including the onboarding of further suppliers onto the Informed365 Supplier Portal and conducting further Deep Dive sessions with suppliers to deepen our understanding of their challenges and practices. These initiatives will be a focus for FY22.



As we navigate through the ever-changing landscape of a COVID-19 world, it is important we continue to engage with our cleaning suppliers to ensure this group of essential workers are kept safe and healthy and protected from the economic impacts of COVID-19 lockdowns.

Case study: protecting our cleaners during COVID-19

While health and emergency service workers are rightly acknowledged as vital frontline workers, cleaners are another vital group whose roles have been acknowledged less often during the COVID-19 pandemic. Their work is essential in keeping our communities safe and limiting the spread of COVID-19, particularly as we return to our workplaces, shopping centres, cafes and all forms of community gatherings.

Cleaners are at high risk of incurring the economic impacts of COVID-19 lockdowns. The economic shutdown affecting the commercial office and retail sectors may have significantly impacted the business demand for cleaning services. Cleaning contractors, many of whom are migrant workers and are not protected by social security provisions such as JobSeeker and JobKeeper payments and Medicare, understandably have feared reduced demand for their services.²

We identified the potential economic impact on our cleaning suppliers early on and attempted to maintain existing cleaning requirements. While attendance at offices and retail centres was reduced during lockdown periods, we actively engaged with our cleaning partners in extensive deep-cleans where required, and cleaning of high-touch points to keep our assets, the occupants, visitors, and on-site workers safe and to maintain working hours and conditions for our cleaning contractors.

We have also worked with our regular cleaning and security service providers to facilitate vaccinations for their staff, given that they work in public places like retail centres where they may have higher levels of risk of exposure.

We believe it is more essential than ever to protect cleaners' working conditions through high workplace health and safety standards, including adequate personal protection material, chemicals and supplies and paid leave if they are unable to work due to being affected by COVID-19. Understandably, there is a level of anxiety around exposure to COVID-19.

We have continued to support the Cleaning Accountability Framework (CAF) throughout the pandemic so that we can better understand issues within the cleaning industry. When CAF undertook a survey of cleaners who work at CAF-certified buildings, it looked at current issues around safety standards, workloads and job security.

The survey found that working conditions in CAF-certified buildings appear to be reasonably maintained, with far higher levels of compliance than what is being increasingly reported throughout the industry. Specifically:⁴

94%
feel that adequate precautions are being taken to protect their health and safety;

92%
feel that their employer supplies them with enough personal protective equipment;

84%
are able to take paid sick leave if they become ill (this includes the responses of casuals); and

88%
of respondents say their workload has increased and that additional hours/staff have been added to compensate for this.

Case study: CAF Annual Health Checks

With cleaning services identified as a higher-risk segment for modern slavery, we were an early adopter of the CAF in 2017. As a member of CAF, we advocate for sustainable change in the cleaning industry.

In FY21, we maintained CAF certification of four office buildings in Melbourne and Sydney, with all four assets participating in annual health checks maintaining their 3 Star certification, the highest currently awarded by CAF.

While the audits did not uncover significant workplace issues, they did identify a number of compliance issues, including cleaners completing unpaid training, poor oversight of contractor compliance and workload issues relating to construction at a building. As a result, we have undertaken improvements to work with our tenants to ensure our buildings provide safe and fair work conditions for our cleaners.

While CAF assessments are an important mechanism to understand the working conditions on site, their effectiveness is limited by the comfort and willingness of cleaners to speak up. This is why CAF certification is often supplemented by CAF representatives who are cleaners that have received extra training on workers' rights and who support other cleaners to raise issues. While they are not industrial relations experts, they can share their knowledge, build a sense of trust and encourage their cleaning co-workers to speak up if they have an issue.

We are fortunate to have a CAF representative as a cleaner at one of our CAF-certified buildings in Sydney, to add another layer of support to cleaners raising their voice when faced with experiences of poor working conditions.

4. <https://www.cleaningaccountability.org.au/news/cleaners-are-our-frontline-defence/>

Assessing the effectiveness of our actions

Assessing the effectiveness of our responses is vital if we are to reduce the risk of modern slavery in our operations and supply chains. To that end we track and measure the effectiveness of our actions in a number of ways:

- We track our progress through meetings of our Human Rights and Modern Slavery Working Group. In FY21, two meetings of the Working Group were held. Agenda items included:
 - Supplier spend analysis
 - Supplier audit process
 - Opportunities to collaborate with industry partners on suppliers' audits, such as CBRE
 - Employee and supplier training
 - Sharing of insights of supplier deep dives
 - Onboarding of suppliers to the Property Council of Australia (PCA) portal and responding to key findings
- Content, achievements and challenges to be shared via the Modern Slavery Statement.
- We provide regular updates at key progress milestones to the Executive, ARCC Board and Group entities;
- We update our sector leadership teams and entities annually;
- We review and analyse supplier responses to the PCA supplier qualification survey and check whether they have actioned recommendations; and
- We monitor grievances and complaints.

Our partnerships with a range of stakeholders help us gain further understanding of the effectiveness of our processes:

- Our close engagement with the CAF and certification of four buildings to CAF standards (see [page 18](#)) allows us to closely track compliance with labour standards in those buildings and thus monitor the effectiveness of our response;
- A cleaner at one of our CAF-certified buildings is also a CAF representative, which means they can build trust and loyalty with their fellow cleaners and provide another layer of support to cleaners raising their voice when faced with poor working conditions;
- The Supplier Deep Dive workshops conducted in FY21 (see [page 15](#)) helped us understand what was working well and where we could improve in our collaboration with suppliers and our overall modern slavery response;
- We engaged with a human rights and responsible sourcing consultancy that provided feedback on our approach and challenged us to continuously interrogate and improve our practices;
- Our engagement with the PCA's Modern Slavery Working Group enables us to develop Australian and industry best practice and to exchange information with other property managers around the effectiveness of our actions;
- The PCA's supplier prequalification responses allowed us to understand how effectively our suppliers are managing their modern slavery risks;
- We identified five suppliers this year to be included in a desktop audit by a third-party consultancy to assess the completeness and accuracy of suppliers' responses to the prequalification survey;
- Through the UNGC Community of Practice we have another avenue to identify best practice and enhance the effectiveness of our modern slavery response, especially from industries with a long track record of managing human rights in their supply chains;
- We completed over 40 modern slavery surveys from suppliers, tenants and investors that have helped us understand key areas of interest for the industry and shape our modern slavery focus; and
- Through our interactions with our investors, we gain an understanding of their expectations and practices.



Tracking the effectiveness of our actions

Listening and capturing feedback	<ul style="list-style-type: none">- Four of our office buildings are CAF-certified;- One of our CAF certified office buildings has a CAF representative cleaner to help capture feedback from fellow cleaners; and- Monitoring grievances.
Understanding suppliers	<ul style="list-style-type: none">- Supplier prequalification survey sent to 100 of our Priority 1 suppliers to understand how effectively they are managing their modern slavery risks;- Identified five suppliers to be included in a desktop audit by a third-party consultancy;- Supplier Deep Dive workshops conducted with three suppliers to explore challenges and opportunities for collaboration; and- Completion of over 40 supplier modern slavery surveys.
Collaborating with peers	<ul style="list-style-type: none">- Engagement and knowledge sharing with the PCA's Modern Slavery Working Group;- Identifying best practice through the UNGC Peer Group; and- Engaging with investors.
Seeking expert feedback	<ul style="list-style-type: none">- Engaged with a human rights and responsible sourcing consultancy for feedback on our approach.
Engaging our business	<ul style="list-style-type: none">- Tracking our progress through meetings of our Human Rights and Modern Slavery Working Group; and- Updates to our Executive, ARCC, Board, sector leadership teams and Group entities.

Our progress against targets

We monitor and disclose our progress against our modern slavery targets. We have summarised our progress below:

Key focus	FY21	Status	Comment
Governance	Sustainable supply chain strategy including supplier social compliance strategy	In progress	We engaged a human rights consultancy to develop a social compliance strategy and presented the proposed approach to the Human Rights and Modern Slavery Working Group. We decided to address social compliance as part of a more comprehensive human rights diagnostic and a 3-5 year roadmap that will incorporate a social compliance strategy. This will be developed in FY22.
	Continued implementation of standard contracts and documentation	Achieved	We mandated all supplier agreements include modern slavery clauses to ensure our supplier partners are effectively managing their modern slavery risks. We also incorporated modern slavery clauses into all development and capital works contracts. In addition, we mandated that all suppliers sign our Supplier Code of Conduct.
	Review effectiveness of actions annually	Achieved	The effectiveness of our modern slavery actions has been assessed regularly via the Human Rights and Modern Slavery Working Group. See page 19 for a summary of how we assess the effectiveness of our actions.
	Publish annual United Nations Global Compact and Modern Slavery Statement	Achieved	This document serves as Charter Hall's second annual Modern Slavery Statement. We have prepared our annual UN Global Compact report providing communication on our progress .
Procurement	Ongoing engagement and screening of our supply chain with a deep dive into a sample of suppliers	Achieved	We continued to engage our top 100 suppliers via the PCA prequalification survey and engaged three suppliers to participate help us pilot a 'Deep Dive' workshop to better understand modern slavery risk management in suppliers.
	Multilingual posters for onsite contractors and suppliers	Achieved	We deployed multilingual posters promoting our whistle-blowing platform across all our Retail, Office and Industrial & Logistics assets.
	Ongoing engagement with Property Council of Australia Modern Slavery Working Group and Informed365 Supplier Portal	Achieved	Ongoing participation in the PCA Modern Slavery Working Group, which is chaired by one of our people. We continued to engage with our suppliers by asking them to complete the Informed365 supplier portal and analysing the results.
	Continued development of supplier onboarding and due diligence processes	Achieved	All our new suppliers are required to sign the Supplier Code of Conduct.

Key focus	FY21	Status	Comment
Education and engagement	Ongoing engagement with our employees and supply chain	Achieved	We continued to communicate with our suppliers on human rights and their responsibilities and provided further education resources.
	Annual employee training and engagement	Achieved	All of our employees received modern slavery refresher training in FY21.
	Ongoing partnerships with key industry groups that address modern slavery risks	Achieved	We have continued to engage with key industry bodies, including the PCA and UNGC, on modern slavery.



Coming up...

Identifying and managing our modern slavery risks is ongoing. To assist us in engaging with our suppliers and working with them to build capability, we have several key initiatives planned.

Our key strategic initiative for FY22 is to undertake a modern slavery diagnostic to understand our current modern slavery maturity and identify gaps in our current modern slavery approach. This gap analysis will be used to develop a 3-5-year roadmap to develop a comprehensive and long-term approach to modern slavery across all sectors.

A summary of all our FY22 targets is provided here:

Key focus	FY22 target
Governance	<div><div>– Undertake a modern slavery diagnostic to understand our current modern slavery maturity and identify gaps in our current modern slavery approach. This gap analysis will be used to develop a 3-5-year roadmap to develop a comprehensive and long-term approach to modern slavery across all sectors.</div><div>– Develop a plan for rolling out CAF audits more broadly across our portfolio.</div><div>– Undertake annual spend analysis as part of our periodic modern slavery risk assessment to help us determine where modern slavery risks are most likely to be present in our operations and supply chain.</div><div>– Review and assess the effectiveness of our grievance procedures.</div><div>– Publish annual UNGC Communication on Progress and Modern Slavery Statement.</div></div>
Procurement	<div><div>– Onboard further suppliers onto the PCA platform so that we can assess their current modern slavery risk controls and make key decisions on our risk assessment approach. We will focus on the labour-intensive industries of cleaning and security for the PCA prequalification survey, which represents 76% of our high-risk spend across the Group.</div><div>– Expand the supplier ‘Deep Dive’ workshops across a broader range of suppliers to continue our understanding of suppliers’ experiences and challenges in managing modern slavery and work together to achieve a better outcome.</div></div>
Education and engagement	<div><div>– Engage with tenants to understand how we can further collaborate to better manage modern slavery risks across our supply chains.</div><div>– Continue to train employees on modern slavery, with a focus on tailored training by role.</div><div>– Collaborate with the Supply Chain Sustainability School to develop a supplier modern slavery training strategy and identify relevant modern slavery and broader human rights training for our suppliers.</div></div>

Guide to this statement

Modern Slavery Act criterion	Explanation	Page
1	(1)(a) Identify the reporting entity	3
2	(1)(b) Describe the structure, operations and supply chains of the reporting entity	5-8
3	(1)(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	9
4	(1)(d) Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	11-18
5	(1)(e) Describe how the reporting entity assesses the effectiveness of such actions	19
6	(1)(f) Describe the process of consultation with (i) any entities that the reporting entity owns or controls; and (ii) in the case of a reporting entity covered by a (joint modern slavery) statement under section 14, the entity giving the statement	3
7	(1)(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	18



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