

# Modern Slavery Statement

## From our Chairman and Managing Director & CEO

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Dear Stakeholders,

Stockland takes seriously its position of influence as one of Australia's largest, listed real estate groups. Our operations and supply chains touch the lives of thousands of people worldwide. We believe that we have both the opportunity and the responsibility to create the right balance of social, environmental and economic conditions for our employees, suppliers, partners, customers and investors now and in the future.

Forced, bonded and compulsory labour are serious human rights violations, and it is incumbent upon us to use our leverage, both as individuals and as part of organisations, to eradicate these unacceptable forms of abuse.

Our Modern Slavery Statement (**Statement**), published in accordance with the Modern Slavery Act 2018 (**Act**) is attached to this letter.

This Statement comprises the consolidation of Stockland Corporation Limited and its controlled entities and Stockland Trust and its controlled entities (collectively referred to as '**Stockland**' **Group**'). It acts as the policy framework including governance, risk assessment, due diligence and remediation for all Stockland entities and their business activities. This Statement has been prepared by Stockland's Modern Slavery Working Group and endorsed by Stockland's Board.

While this Statement is our first public disclosure specifically addressing modern slavery in line with the requirements of the new Act, we have been committed to the improvement of the rights and wellbeing of people across our operations for many years through a focus on supply chain transparency.

A commitment to respect and promote human rights is an essential part of our business activities and stakeholder relationships, and this is appropriately reflected in our human rights policies and procedures published both internally and externally.

We do not tolerate behaviour that is in breach of the law or which is non-compliant with our corporate policies and expect our employees and suppliers to operate in a manner which is consistent with our values and standards.

This Statement sets out the steps we have taken during the financial year ended 30 June 2020 to identify and address modern slavery within our operations and supply chains. Our approach includes a commitment to continuous improvement as we increase our understanding and awareness of modern slavery risks.

To date we have made good progress on awareness training for employees in supply-chain facing roles and have built an understanding of the activities of our higher risk suppliers. We have continued to conduct specialised due diligence across our cleaning contractors during the COVID-19 pandemic and remain vigilant to the heightened risk within that sector.

Investigations into the supply chains of our development projects have given us insights into potential building material risk areas and helped us identify areas to focus our engagement going forward. These activities will allow us to adapt our approach over time and build appropriate remediation and remedy mechanisms if cases of modern slavery are uncovered.

Our progress to date would not be possible without the coordinated efforts of government, the property industry and our many suppliers and partners. We wish to thank them for their cooperation and look forward to continuing on this important path with them to help eradicate modern slavery.



**Tom Pockett**  
Chairman



**Mark Steinert**  
Managing Director & CEO

## Our FY20 key actions

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### Risk assessment

**Stockland supply chain mapped** and assessed for modern slavery risk potential



### Supplier engagement

**Over 450 suppliers** directly engaged on supply chain and human rights issues



### Collaboration

**Supplier assessment** developed with Property Council Australia and 14 industry peers



### Policy

**Updated 'What Stockland Expects from our Suppliers' Policy** to emphasise human rights expectations



### Due diligence

**100 percent of Category A suppliers** assessed for modern slavery risk within their supply chain



### Education

**All employees with procurement and supplier management responsibilities** completed tailored modern slavery awareness training

## About Stockland

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At Stockland, we are driven by our purpose – ‘we believe there is a better way to live’. We are committed to conducting business across our value chain with integrity, to high standards of ethical behaviour, and in line with our values of community, accountability, respect and excellence (CARE).

In accordance with these values, and the UN Guiding Principles on Business and Human Rights, we are committed to respecting and promoting human rights consistent with the International Bill of Rights (including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) and the eight fundamental Conventions of the International Labour Organisation.

We have been a signatory to the UN Global Compact (**UNGC**) since May 2015, supporting the 10 principles of the UNGC on human rights, labour, environment and anti-corruption, and participants of the UNGC Modern Slavery Community of Practice.

We also support the United Nations Sustainable Development Goals including ‘Goal 8 – decent work and economic growth’ which includes the commitment to work to eradicate the many forms of modern slavery that exist.

## Our structure and operations

Stockland is one of the largest diversified real estate groups in Australia, with \$15.0 billion of real estate assets as at 30 June 2020.

We own, manage and develop town centres, workplace and logistic assets, and residential and retirement living communities. We create and support thriving communities and workplaces that enable a better way to live.

Established in 1952 and headquartered in Sydney, we operate wholly within Australia. We are a listed company on the Australian Securities Exchange, structured as a stapled security, a combination of a unit in Stockland Trust and a share in Stockland Corporation Limited.

The Modern Slavery Statement forms part of our overall Corporate Reporting Suite. The suite includes our Annual Report, Investor Presentation, Sustainability Reporting and Corporate Governance Statement. More information on our business and how we operate can be found in our **Annual Report**.

## Our supply chain

In FY20 we procured over \$1.58 billion<sup>1</sup> of goods and services from 3,530<sup>1</sup> direct suppliers. Our diverse range of suppliers includes building contractors (civil and built form), design consultants, information technology, cleaning, security and waste service providers.

Overall, procurement associated with the development of our assets accounts for 74 per cent of annual spend, with the remaining spend on operational and corporate procurement. Our development spend is predominately procured from Australian suppliers.

Our direct suppliers have their own complex and diverse supply chains that can extend beyond Australian borders. This includes having many suppliers of materials or services who in turn rely on many more suppliers, both domestic and international. It is this extended supply chain that has been identified as one of our highest risk areas for modern slavery. We are committed to working with our suppliers and the extended supply chain to identify and address modern slavery.

Stockland employees

1,611

Stockland real estate assets

\$15.0bn

Suppliers<sup>1</sup>

3,530

Procured goods and services<sup>1</sup>

\$1.58bn

<sup>1</sup> Excludes 130 government agencies representing approximately \$340 million of spend

# Governance

## Policy framework

Strong corporate governance is at the core of how we conduct business with integrity and meet the expectations of stakeholders. Our [Corporate Governance Statement] details our approach to achieving and demonstrating the highest standards of corporate governance and accountability for our actions. Our **Code Of Conduct** further reiterates how we expect our employees, directors, contractors and consultants to conduct business in a way that promotes and respects human rights.

Guiding our approach to modern slavery is our **What Stockland Expects from its Suppliers Policy**. This details our commitment to responsible procurement and our expectation that our suppliers and their supply chains operate in a manner consistent with Stockland’s values and objectives and relevant legislation. The policy states our expectation that our suppliers implement appropriate labour policies across their organisation, including eliminating all forms of modern slavery. We have communicated this policy to our suppliers and as part of a new system launch our suppliers will be required to confirm they have read, understood and comply with this policy as part of the supplier on-boarding process. Key supporting policies and guidelines include but are not limited to:

- **Human Rights Policy**
- **Whistleblower Policy**
- **Supply Chain Management Approach**
- **Fraud and Corruption Policy**
- **What Stockland Expects from its Partners Guideline.**

### WHISTLEBLOWING AT STOCKLAND

Stockland encourages employees and external stakeholders to report any improper conduct they encounter. All complaints are investigated in a fair and objective manner, including the involvement of external parties where appropriate. Stockland employees or external stakeholders who wish to report improper conduct anonymously can do so via the **‘Tell Me’** online form or via Stockland’s external and independent whistleblowing service provider (details are provided in the **Whistleblower Policy**).

## Governance structure

Stockland’s Board has responsibility for establishing a framework of risk management across Stockland. The Risk Committee assists the Board in its responsibilities relating to:

- assessing the effectiveness of Stockland’s overall risk management framework
- supporting a prudent and risk aware approach to business decisions across Stockland.

The Risk Committee reviews a wide range of matters relating to non-financial risks, including Stockland’s human rights related risks and those concerning modern slavery. The Risk Committee is chaired by an independent non-executive director and meets at least four times per year.

On 17 April 2019, we established a Modern Slavery Working Group (**Working Group**) to develop and implement our modern slavery strategy, manage our various initiatives and ongoing priorities relating to effectively identifying and managing modern slavery risks and due diligence activities (including managing our reporting obligation). Co-chaired by the General Manager of Group Project Management and Direct Procurement and the Group Risk Officer, the Working Group meets each month and includes representatives from across the business including Sustainability, Legal, Investor Relations, People and Culture, Risk, Procurement and Operations.



# Our risk management and due diligence approach

## Risk assessment

In July 2018, we undertook a Group-wide human rights issues review to better understand the potential challenges facing our business and to build an understanding of issues within the broader property sector. This review identified our supply chain as having the highest potential for human rights risk, highlighting the need to understand the sourcing practices of our suppliers, to identify high risk products and geographies, and the intersection between the two.

Further to this, in July 2019 we conducted a modern slavery risk assessment to identify the areas within our development, operational and corporate supply chain that are at greatest risk of modern slavery. The assessment divided our spend into 45 procurement categories which were then screened for five social risk categories: labour rights and decent work, health and safety, human rights, governance, and community infrastructure.

These risks were obtained from the Social Hotspot Database which indicates the likelihood of an issue

occurring in different industries and countries. Within these social risk categories are impacts relating to modern slavery such as: child labour, forced labour, excessive working time, safe working conditions, exploitation of migrant labour and general human rights and governance.

This risk review was coupled with a literature review to identify evidence of modern slavery occurring in Australian supply chains, which included a variety of public sources such as news articles, findings of Senate hearing groups and topical reports published by various advocacy and research organisations.

The outcomes of the Social Hotspot Database and the literature review provided the baseline data required to categorise our suppliers into four priority assessment groups. This categorisation has enabled us to prioritise our focus and response to the suppliers on the basis of the highest likelihood of modern slavery (risk), and our ability to influence and have an impact (spend).

Priority group	Share of spend	No. of suppliers	Definition	Examples
<b>Category A</b>	14%	26	High risk, high spend	Built form construction/ maintenance contracts >\$5 million, cleaning
<b>Category B</b>	13%	954	High risk, low spend	Built form construction contracts < \$5 million, security, IT electronics (e.g. computers and phones), marketing goods (e.g. promotion merchandise), catering
<b>Category C</b>	29%	192	High spend, low risk	Civil construction contracts
<b>Category D</b>	45%	2,358	Low spend, low risk	All remaining suppliers

## Due diligence and remediation

In collaboration with the Property Council of Australia (PCA), industry experts and 14 other PCA member groups, we developed a property industry modern slavery supplier assessment tool, providing a consistent method for participants to conduct modern slavery risk assessments (Assessment). The Assessment allows suppliers to provide their response to all clients on the same platform, increasing transparency and efficiency by eliminating the need to provide data to multiple clients in varying formats. The Assessment considers aspects such as supplier risk areas, policies and procedures, training and supplier engagement.

Using our priority assessment categories, we issued this Assessment to all our Category A suppliers in FY20 as our primary due diligence approach. Of the 26 suppliers issued the Assessment, 100 per cent undertook the Assessment within the tool. All new Category A suppliers are also required to complete the Assessment as part of the contract award process.

The Assessment tool asks suppliers to complete over 100 questions on modern slavery. However, for our first year of assessment we have focused on those questions regarding awareness of modern slavery and the scope of policies regarding supply chain transparency and modern slavery and subcontracting activities. This has helped us establish a baseline for our due diligence and has improved our understanding of how we can support our suppliers and encourage continuous improvement.

Of the Category A suppliers assessed, we found:

Focus area	Category A suppliers
Aware of modern slavery legislation	88%
Understand modern slavery issues	75%
Modern slavery risk assessment complete or planned within next 12 months.	63%
Accessed resources to better understand modern slavery	63%
Train employees on modern slavery	63%
Aware their suppliers sub-contract or use third parties and request information from them or have knowledge about their practices	25%

Our next steps are to engage with those suppliers that have indicated no awareness or no plan to assess modern slavery and provide the necessary support and encourage those that have a plan to demonstrate continuous improvement.

Where potential issues are identified, we will work with, and continuously engage with the supplier to learn more about the issue and implement mitigation and monitoring strategies through corrective action plans. Termination of supplier contract will be considered in instances where suppliers do not meet minimum requirements of their corrective action plan or are otherwise unwilling to work with us to improve their performance despite all reasonable measures being taken.

The ongoing COVID-19 pandemic is having devastating human and economic impact across the world. In June 2020, we conducted an assessment of where and how the pandemic may increase the vulnerability of workers within our supply chain to modern slavery. The assessment indicated that suppliers within the cleaning industry may have significant exposure to increased modern slavery risks as a result of COVID-19.

More information on supplier engagement activities can be found in our [FY20 Supply Chain Deep Dive].

### CONSTRUCTION MATERIAL RISK ASSESSMENTS

To gain a deeper understanding of our supply chain and associated modern slavery risks present within construction materials, we selected a typical, medium density residential development to pilot a specific due diligence exercise. This involved mapping the supply chain of a house based on typical materials utilised and identification of modern slavery risks in the supply chains of these materials.

Utilising the materials risk assessment, we prioritised suppliers with higher risk materials such as tiling and joinery, to engage with and learn more about their business, operations and supply chain. Our initial engagement took the form of a questionnaire, which was tailored based on the suppliers' nature, location and potential impact.

This pilot allowed us to not only learn more about potential risk areas within our materials supply chain, but to also engage in a meaningful way with multiple tiers of suppliers and deepen our knowledge about how to implement a very effective modern slavery assessment tool. Where potential issues were identified with a supplier or their product, we have the opportunity to work with them to gain more information, or explore alternative options where suitable.

Find out more about the pilot at our 'Willowdale Retirement Village' on our [website](#).



## CASE STUDY

### **MODERN SLAVERY LENS PROVIDES GREATER VISIBILITY INTO CLEANING SERVICES**

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Across Australia, at our assets, there are over 350 cleaners, in Stockland-branded uniforms, working for cleaning service suppliers.

Our risk assessment has highlighted the cleaning services sector as high risk for modern slavery. This is due to the complexity of its contracting relationships, franchising and sub-contracting practices. We have been proactively managing the risk associated with outsourcing labour intensive and low-skilled work to third parties, such as cleaning for many years and have a long-term strategy focused on enabling safe, fair and equitable working conditions.

We have engaged industry consultants to conduct specialised due diligence processes to determine if our cleaning services contractors are suitable partners for Stockland. The due diligence approach includes the assessment of supplier documentation, conversations with the service contractor employees and key management personnel, and site visits. These reviews have been conducted on multiple occasions and occur alongside the PCA assessment process.

With the onset of the COVID-19 pandemic, it is possible that the risk profile of the cleaning services sector may have increased in some instances. Cleaning has been deemed an essential service under the COVID-19 lockdown and the demand for cleaning services has rapidly increased (and continues to increase) as a result. Accordingly, there may be increased pressure on already vulnerable workers to provide services under very difficult working conditions increasing their risk of exploitation.

In response, we are continuing to reinforce our requirement to comply with Stockland's subcontracting standards and Supplier Code of Conduct throughout the pandemic. During this time, we have also gained a greater appreciation for how contractors are managing modern slavery during a period of heightened risk. For example, it has given us the opportunity to: consider approaches to updating work practices and reporting processes; assess training of personnel; and secure critical supplies such as cleaning chemicals and personal protective equipment.

Whilst our due diligence activities are ongoing, the process has provided greater transparency throughout our supply chain as we identify opportunities to work with our contractors to address specific risks. Pleasingly, we have also found several of our larger contractors are conducting their own due diligence activities for their sub-contractors and suppliers.

We also have more visibility into how our contractors are approaching payroll compliance. Amidst the current media attention placed upon non-compliance, several contractors have demonstrated an increased awareness of the restrictions imposed through the cleaning award, focussing on areas of concern such as award rates paid, superannuation entitlements and hours worked by employees.

## Assessing effectiveness

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We are responsible for the continuous improvement of our processes and actions taken to address modern slavery risks within all tiers of our supply chain, acknowledging this is an on-going process. The ways in which we measure effectiveness include:

- regularly reviewing our modern slavery approach conducted within the Modern Slavery Working Group and reporting to the Executive Committee, Risk Committee and Board on a periodic basis
- monitoring the number and range of suppliers who have been issued and have completed the assessment, the corrective action plans implemented, and actions completed
- regularly engaging with suppliers beyond initial assessment via the PCA questionnaire, to identify points of improvement within the process and track awareness levels
- requesting and monitoring feedback after supplier and staff training sessions
- monitoring frequency and trends of whistleblowing channels. During FY20, we did not identify any potential modern slavery risks from the incidents raised via our whistleblowing channels.

## Future priorities

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We are committed to engaging with internal and external stakeholders and experts to continuously evolve our response to modern slavery.

Our future priorities include:

- an annual assessment of 100 per cent of Category A and Category B suppliers
- all suppliers required to formally acknowledge 'What Stockland Expects of its Suppliers' policy as part of the our supplier on-boarding process
- the establishment of modern slavery-related key performance indicators (KPIs) for key management personnel and other employees
- all employees to complete modern slavery awareness training
- the identification of trends across our supplier base to develop collaborative improvement opportunities
- working with industry experts, civil society (including the UNGC) and peers to develop a robust, collective strategy towards remediating modern slavery risks within the supply chain.

### **TRAINING AND ENGAGEMENT WITH THE SUPPLY CHAIN SUSTAINABILITY SCHOOL**

The Supply Chain Sustainability School (**SCSS**) is a virtual education platform dedicated to increasing knowledge and competency of social, environmental and economic sustainability within the property and construction supply chain, of which Stockland is a founding partner. Designed to provide practical training for organisations and suppliers, the SCSS provides free, interactive learning modules to increase awareness of sustainability issues such as modern slavery.

Alongside more focused engagement and training sessions, we utilise the SCSS to provide targeted e-learning modules to our suppliers, aiming to build knowledge in a format that is easily accessible and can be consumed in a way that suits individual and team needs.

As part of our initial phase, we have also made these modern slavery-related learning modules available for all Stockland employees to promote awareness of the issue and our response.