

Modern Slavery Statement

Year ending 30 June 2021



Message from MD

Ethical and responsible operations are fundamental to the long-term performance of our business and ensure that we align with our business purpose and values. We recognise that identifying, managing and mitigating potential modern slavery risks in our operations and supply chain is important for our home-owners, our shareholders, our teams and the communities we engage with.

In particular, we appreciate that COVID-19 may have negatively impacted the human rights risk for vulnerable workers across the world and note that raising awareness to help identify instances of modern slavery is as important now as it ever has been.



James Kelly
Managing Director

Introduction

From the beginning, Lifestyle Communities has been a business with a purpose to be socially and ethically responsible as we create affordable communities for retiring Australians.

We oppose all forms of modern slavery and seek to assess, address and remove it from our operations and supply chains.

We acknowledge that while we have built a good cultural and ethical base from which to work, and we ensure that we provide excellent working conditions for our team members, there is a lot we don't yet know about the impact of our business and supply chain choices on the exploitation of people in the products and services we procure.

This is our second statement and sets out the important steps we have taken to develop our capacity to understand and influence the modern slavery exposures in our supply chain in the financial year ending 30 June 2021. It also describes our plans to continually improve.

This statement has been approved by the Board of Lifestyle Communities Limited and is made on behalf of Lifestyle Communities Limited and its subsidiaries (Group), some of whom qualify as reporting entities under the Act.

¹Lifestyle Communities Limited
Lifestyle Investments 2 Pty Ltd
Lifestyle Developments 2 Pty Ltd
Lifestyle Management 2 Pty Ltd
Lifestyle Communities Investments Cranbourne Pty Ltd

Lifestyle Investments 1 Pty Ltd
Lifestyle Management 1 Pty Ltd
Lifestyle Developments 1 Pty Ltd
Brookfield Village Management Pty Ltd
Brookfield Village Development Pty Ltd

Our Structure

Lifestyle Communities builds, owns, and operates land lease communities which provide affordable housing options to Australians over 50.

Lifestyle Communities is involved in greenfield site acquisition. Working with design and construction partners, it develops each site to produce a community comprising both modern homes to be sold to retirees and semi-retirees, and communal facilities such as pools, gyms, clubhouses, cinemas and pickle ball courts. Lifestyle Communities' ongoing management of each community involves both the caretaking and cleaning of facilities and grounds, and the delivery of activities and wellness support to homeowners.

Lifestyle Communities Limited is an ASX listed company (ASX:LIC), headquartered in Melbourne. Our operations are solely based in Victoria, Australia. 100% of our 117 employees are based in Australia.

Our listed parent company has majority control over all entities in the Group. The Group is managed by a single executive leadership team, uses common policies, and all operations are undertaken under the Lifestyle Communities brand.

Consultation between the Group entities in developing this statement has been through the leadership team.



24 Communities under contract, in planning, under development or in operation



2784+ affordable homes under management



Australian-based Board, 50% female Directors, 50% male Directors



4000+ homeowners live in our communities



117 employees – 67% women, 33% men



2094+ new homes in the pipeline

Our Journey So Far

We appreciate that we are at the beginning of our journey in engaging our supply chain on human rights issues, but acknowledge the progress we have made in such a short time.

**Pre
2020**

Established a business with a purpose to be socially and ethically responsible in creating affordable, home-owner centric communities for retiring Australians.

Primarily engaged small to medium sized, local and Australian based businesses, fostering a close and collaborative relationship with our suppliers.

Conducted first focused assessment of our value chain and supplier pool to identify areas of exposure to human rights issues across our operations and extended supply chain.

2020

Launched an introductory awareness campaign across the business through training on modern slavery risks.

2021

Engaged with key suppliers to improve our understanding of their approach and exposure to exploitation in their operations and supply chains.

Introduced a comprehensive Supplier Code of Conduct with clear positions on human rights, bribery and corruption and commitments to environmental management.

Goals for the coming reporting period:

- Confirm current supplier commitments to the Supplier Code of Conduct
- Deepen our engagement with key suppliers who are also starting on their journey of understanding human rights risks in their business
- Explore options to collaborate with industry partners
- Update grievance reporting mechanisms to evolve and improve opportunities for raising issues.

2022

Our workforce

Our people and remuneration structures are governed by the Remuneration and Nominations Committee of the Board of Directors.

The key controls that inform both management and the board of emerging issues, include regular employee surveys noting employee sentiment and grievance mechanisms including a formal whistleblower program. These controls are underpinned by a focus on building and hiring to ethical, open and inclusive behaviours.



At the core of our operations and risk management framework is our culture. It aims to provide team members with a voice and opportunity to positively influence those around them.

We recognise that our team members are the ones to engage with our supply chain and are key to identifying and remedying human rights risks and issues.

We recruit to the behaviours, actions and personality/leadership traits outlined in our framework and encourage team members to speak up if something doesn't feel right.

Our Sourcing of Goods and Services

Our operations and supply chain network can be divided into two core business activities:

Development, design and construction of new communities	Operation & Management of Completed Communities
Development, design and construction consultants and advisers	Onsite management
Construction contractors and sub-contractors	Landscaping
Suppliers of goods, services, and materials for all stages of the construction cycle	Repairs, maintenance, cleaning and other contractors
Suppliers of plant and machinery	Refurbishments
Suppliers of sales and marketing collateral	Suppliers of operations and marketing collateral

The majority of our spend on Tier 1 suppliers is made to small and medium sized businesses that are either Victorian based or with operating locations in Victoria. These suppliers are subject to Australian employment standards. We have engaged with many of them for years and in that time have developed an open and transparent relationship that provides a natural forum to raise worker concerns.

We acknowledge that we do not have full visibility of the location or employment experience of all workers across of Tier 1 suppliers (including non-Victorian based suppliers). We further appreciate that our Victorian suppliers may carry modern slavery exposure through their operations in other jurisdictions or may engage Tier 2 and Tier 3 suppliers operating in higher risk environments. Identifying how to assess the degree of exposure using a risk-based methodology will form part of our journey moving forward.

Procurement Framework

Lifestyle Communities has been working to strengthen its procurement framework. In FY21, we updated our Procurement Policy and Procedures and launched a new Supplier Code of Conduct. The Supplier Code of Conduct sets out the legal, ethical and environmental expectations of the organisations we do business with.

In our procurement activity, we look to engage with suppliers that promote a positive environmental and social impact and we expect our suppliers to comply with our Supplier Code of Conduct. We know we have further to go in implementing a robust supplier engagement model, and will continue to evolve, refine and embed ethical due diligence in our approach.

Governance Framework

We set out below the governance framework that we have in place to help build, commit to and monitor our Modern Slavery and Human Rights strategy.

The Leadership Team contribute to, endorse and support the business' approach, guided by an Executive Sponsor who leads operational activity and engagement with suppliers, and ensures compliance with the reporting requirements under Act.

Our governance structure is complemented by policies and activities designed to:

- support the due diligence and risk assessment of our supply chain
- raise awareness to identify and address human rights issues
- promote ethical and legally compliant conduct internally and within our supply chain.

Controls include internal training and education, supplier questionnaires that form part of our supplier risk assessment, Employee and Supplier Codes of Conduct, procurement policies and procedures, supplier engagement and performance management and our Whistleblower program.



The Board is responsible for overseeing the effectiveness of the systems of risk management across our operations. Risk issues are considered by the full Board, and the framework incorporates a mechanism to escalate material risk matters. The Board will review the business' approach to modern slavery at least annually and approve the Modern Slavery Statement for lodgement.

Raising Awareness

Group-wide awareness training on Modern Slavery and how it can appear in our supply chain was completed across the team in FY21. It has also been incorporated into the new employee induction program.

Completion rates: 98.5%

In the FY21 reporting period, we did not receive any reports of modern slavery in our supply chain through our Whistleblower process. We continue

to encourage use of discreet and anonymous grievance mechanisms by our team and supply chain.

In FY22, with the growing size of the business, supplier base and team, Lifestyle Communities will engage a third-party whistleblower service provider to receive disclosures directly. We believe that this change will reinforce protections for the anonymity of disclosers and further encourage people to speak up if they have concerns.

Risk Assessment

In FY20, we undertook an initial assessment of the risk of modern slavery within our operations, and the broad areas of risk likely to exist in our supply chain based on the industries that we engage.

Our Operations

All employees are engaged under contracts that comply with national employment standards and are regularly reviewed for alignment with all relevant awards and updated to reflect changes in working entitlements. Employees remain free to leave their employment at any time on provision of appropriate notice.

Our Supply Chain

Following a review of Tier 1 Suppliers, the main areas of human rights identified risk include:

Service providers – the Group use contractors in the construction and cleaning sectors. These two sectors are among those sectors identified at risk of forced labour in the Global Slavery Index country profile for Australia on account of the prevalent use of migrant labour.

Procurement of goods and materials – we procure goods and materials directly through our own activities, and indirectly through our contractors under work agreements. The Global Slavery Index has identified a shortlist of 15 imported products common in G20 countries, such as Australia, which present a risk of forced labour. The Group potentially has exposure to the products on the short list as per the table above.

Products at risk of Forced Labour	Group Exposure
Electronics	Direct: IT equipment (computers and accessories)
Cotton and Apparel	Direct: Uniforms and workwear, and raw materials used in manufacturing them
Bricks, Timber and Carpets	Indirect: Construction and building materials

We analysed our Tier 1 suppliers to identify the group most likely to be exposed to increased risk of modern slavery based on their size, industry and probable supply chains. The list of approximately 30 suppliers included construction and cleaning contractors, as well as service providers supporting our communities. In FY21, we asked those suppliers to complete a survey from which we could assess the areas of potential exposure to Modern Slavery in their operations and supply chain network. This information has helped inform the areas we will focus on in the coming reporting period.

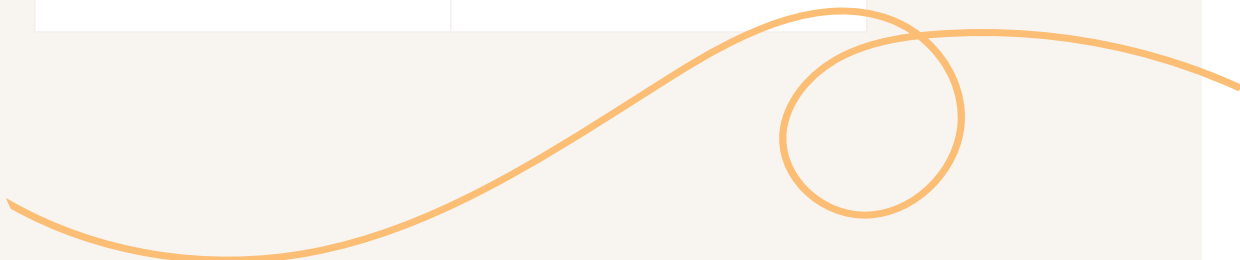
Visibility deeper in the supply chain remains limited at this point. Many of our suppliers are small to medium size businesses with turnover well below \$100 million. They have not yet developed the capabilities and resources to assess their own supply chains. We intend to work with these suppliers to connect them with support, so that together we can increase transparency. We appreciate that we are early in this journey.

Actions to Address the risk

In FY21 we undertook a number of streams of activity to further our program:

Risk Assessment	Policy	Procurement
<p>Extended our desktop assessment, identifying approximately 30 suppliers to complete a self-assessment questionnaire that helped identify the extent of their exposure to Modern Slavery in both their operations and their Tier 1 supply chain.</p>	<p>Developed a Supplier Code of conduct clarifying our positions on core ethical and social issues and the behaviours we expect of our suppliers</p>	<p>Updated our procurement policies to more expressly include human rights</p>

Collaboration	Awareness
<p>Began the conversation with key suppliers operating in high-risk categories on the identification and mitigation of Modern Slavery in their businesses and supply chains</p>	<p>Developed and delivered modern slavery awareness training to staff</p>



Measuring effectiveness

We have developed the following framework to support the measurement of effectiveness of our activities in identifying human rights issues in our business activities.

Internal Assurances

Reviewing and evaluating progress on:

- the governance framework, including risks assessments and stakeholder engagement
- engagement activities, including the program of training and awareness
- responding to surveys which identify areas of potential risk to understand their nature, context and extent
- any corrective and remedial actions identified as being required, and reviewing whether they are timely and effective

Consultation and outcomes

The following activities highlight the progress we made on our goals for FY21:

- 32 risk questionnaires were completed. No supplier was given a red rating, which would indicate an unacceptable risk profile, however a number were flagged for further consultation relating to their tier 2 supply chain.
- Supplier Code of Conduct was released and made available to suppliers on the Group website. Active discussions are underway with suppliers to formally acknowledge and sign up to the code.
- 117 team members participated in awareness raising sessions.
- 0 disclosures of modern slavery in our operations and tier one suppliers made through our grievance mechanisms.

Our future commitment

We are committed to extending the reach and effectiveness of our activities. Our goals for the FY22 reporting period include:

- Initiating further assessments of suppliers identified as requiring additional review.
- Continuing to build capability internally to identify human rights issues within our supplier base, and to share resources with our small and medium sized suppliers to support their journey.
- Adapt our governance structure to align with our evolving ESG strategy
- Consider partnerships and collaborations with industry and human rights organisations to further our understanding and capacity for issue identification and remediation
- Continue to complete supplier self-assessments and undertake risk-assessments as part of our new supplier onboarding processes.