

AVJennings Limited

ABN 44 004 327 771

Modern Slavery Statement 2020**About AVJennings Limited**

AVJennings Limited (“AVJennings”) is a leading residential property development company with a name that continues to be one of the most recognised housing brands in Australia. It is listed on the Australian Securities Exchange (ASX) and the Singapore Exchange (SGX) through SGX Globalquote.

The business has been part of the Australian residential property landscape for almost 90 years. It was founded in Melbourne in 1932 by Sir Albert Victor Jennings. Sir Albert believed in the “Australian dream” of a better life through home ownership, and he helped make it a reality for thousands of people. He built communities – something AVJennings continues to do today, by creating communities people want to belong to and grow with. AVJennings remains one of the most recognised and trusted names in quality, affordable housing.

AVJennings Limited is a subsidiary of SC Global Developments Pte Limited, a Singapore based real estate developer.

Our Structure, Operations and Business

AVJennings has major residential development projects in four Australian States, namely Queensland, New South Wales, Victoria and South Australia. The Company has made equity investments in some apartment and land subdivision projects in Perth, Western Australia. It also has two projects in Auckland & Orewa, New Zealand. Further details about AVJennings and its activities can be found on the Company’s website, www.avjennings.com.au and in various announcements lodged with the ASX and SGX.

The AVJennings Group comprises about forty subsidiaries, some of which are special purpose vehicles with direct land holdings, whilst others are parties to joint ventures, are licence holders or holding companies of other subsidiaries. The Group has about 160 direct employees and its head office is located in Melbourne, with local offices in New South Wales, Queensland, South Australia and Auckland, New Zealand.

As part of its business operations, the Company engages contractors in the development and construction industries, which include civil and building contractors. It also utilises the services of product suppliers (eg. building materials, white goods, uniforms etc), services suppliers (lawyers, planning consultants, engineers, architects and others) as well as trade suppliers (bricklayers, plumbers, electricians, carpenters and other trades). In FY20 AVJennings procured approximately \$101 million of goods and services from its top 80 suppliers.

Governance Structure

AVJennings’ Board has responsibility for ensuring the Company has strong risk management, internal compliance and control systems to monitor and manage financial and non-financial risks. AVJennings’ Corporate Governance Statement, published on the ASX and SGX details

the Company’s approach to achieving and maintaining high standards of corporate governance and accountability. The Company has in place the following internal policies that apply to directors, employees and contractors.

- A Code of Conduct
- Whistleblower Policy and
- Fraud and Corruption Prevention Policy.

The Risk Management Committee assists the Board in reviewing a wide range of matters relating to financial and non-financial risks, including human rights related risks.

Risk Identification

In order to identify where there were risks of AVJennings contributing to or being indirectly linked with modern slavery related practices within its supply chains, the Company undertook a risk assessment of suppliers with whom it conducted business over a certain value in FY20. Approximately 80 larger suppliers were directly engaged on supply chain and human rights issues. Government and local government authorities were not included in the assessment. The suppliers were grouped into categories based on goods and services provided, on the share of spend in each category and on the risk profile of each category.

Group	Share of Spend	Risk Profile
Apartment Construction	16%	High risk/low spend
Civil Contractors	47%	High spend/low risk
Professional Services	10%	Low spend/low risk
Trade Subcontractors	18%	Low spend/low-medium risk
Materials Suppliers	9%	Low spend/high risk

The assessment was in the form of a questionnaire to suppliers, with specific questions seeking information on their supply chains (including country of origin of goods imported), their employment practices and those of their suppliers.

Of responses received we found:

General Modern Slavery Response	
Have reporting obligations under the Modern Slavery Act or have voluntarily taken steps to establish processes and procedures to comply, have a human rights policy (or similar) and actively monitor compliance, including remediation	25%
Supply Chain Management	
Conduct due diligence for modern slavery risk on suppliers	25%
Have operations or suppliers in countries with a high prevalence of modern slavery practices	0%
Train employees with direct responsibility for supply chain management on risks associated with modern slavery	33%

Recruitment Practices	
Employees have written contracts in place that specify employment conditions, wage rates and hours of work	94%
Do not suspect modern slavery practices within their recruitment processes	97%
Have mechanisms in place for employees to raise concerns related to labour conditions or workplace grievances	97%
Labour Hire	
If using labour hire workers on AVJ sites, aware of labour hire company recruitment practices	22%

Whilst AVJennings’ materials and trades suppliers are primarily Australian based, the assessment revealed that:

- A large portion of the Company’s suppliers are not subject to the Modern Slavery Act and therefore might be expected not to have in place procedures to address this issue in their supply chains.
- Suppliers with reporting obligations under the Modern Slavery Act have made considerable progress towards analysing and mitigating risks within their supply chains.
- Some suppliers with no reporting obligations had voluntarily put in place procedures or policies to address modern slavery risks.
- Other suppliers (mainly family-owned smaller businesses) were either unaware, had no plans to or had done minimal assessment of modern slavery risks within their supply chains.
- Almost all suppliers had suitable employment contracts in place for their employees and did not suspect modern slavery practices within their recruitment systems.
- A small number of suppliers use labour hire workers and check conditions of their employment, whereas others that use labour hire occasionally do not check employment conditions of such workers.

Our materials suppliers have their own complex and diverse supply chains that can extend beyond Australian borders. This extended supply chain, particularly where modern slavery legislation does not apply to the supplier and they have no obligation to carry out necessary checks, is where the risks of such practices may be present.

The assessment of AVJennings’ professional service providers, who are all based in Australia and include lawyers, engineers, planning consultants, architects and similar professionals, established that the risk of modern slavery related practices within their operations is low.

AVJennings also undertook company-wide communication with its procurements and site-based staff, to educate them on the risks and impacts of modern slavery and the channels available to report suspected practices.

Due Diligence and Remediation

In order to further mitigate risks of modern slavery in its supply chain, AVJennings intends to undertake the following:

- Engage with those suppliers that have indicated they are not aware or do not plan to assess modern slavery within their businesses and provide support and encouragement to demonstrate compliance.
- Inclusion of modern slavery compliance related clauses in subcontractor agreements
- Introduction of a supplier code of conduct or modern slavery policy.
- Further training of staff .
- Updating site sub-contractor induction forms with relevant questions to enable an initial risk assessment.
- Inclusion of modern slavery related questionnaires in supplier tender processes.

AVJennings will continue to work with parties throughout its supply chains to prevent any contribution it may have to the issue of modern slavery. This will be achieved by continuing to raise awareness, monitoring and improvement of due diligence processes to assist in the identification of risks.

Approved by the Board of Directors of AVJennings Limited



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Peter Summers, Managing Director

Date: 2 March 2021