



HomeCo Daily Needs REIT
ARSN 645 086 620

2023

Modern Slavery Statement.

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Introduction

The HomeCo Daily Needs REIT (ARSN 645 086 620) (**HDN**) is subject to the *Modern Slavery Act 2018* (Cth) (**Act**) which requires reporting entities subject to the Act to produce an annual modern slavery statement.

This Modern Slavery Statement is prepared on behalf of HDN, together with the entities it owns and controls (together, **the Group**), and describes the steps taken by the Responsible Entity (as defined below) and the Group to identify, manage and mitigate the specific risks of modern slavery in our operations and supply chain, and how we evaluated the effectiveness of our actions, during the reporting period 1 July 2022 to 30 June 2023 (**FY23**).

This is the second Modern Slavery Statement for HDN and has been approved by HMC Funds Management Limited as the responsible entity (**Responsible Entity** or **RE**) of HDN on 26 October 2023. 'Our', 'we', and 'us' in this Modern Slavery Statement refer to the Responsible Entity and the Group.

We understand the important role we can play in addressing and preventing modern slavery throughout our directly controlled operations and supply chain. We will never knowingly participate in modern slavery practices and will continuously seek to ensure our governance structures are appropriate to respond to the challenges posed by modern slavery. We look forward to continuing to report transparently on our progress.



Sid Sharma
HDN Chief Executive Officer

31 October 2023

Acknowledgement of Country

HDN acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land on which we operate throughout Australia and celebrates their diverse culture and their connections to land, sea and community. We pay respect to their Elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Our structure

The HomeCo Daily Needs REIT is an Australian Real Estate Investment Trust listed on the ASX (ASX: HDN) with a mandate to invest in convenience-based assets across the subsectors of Neighbourhood Retail, Large Format Retail and Health & Services.

HDN is externally managed by HMC Capital Limited (ACN 138 990 593) (**HMC Capital** or **HMC**) through HMC Investment Management Pty Ltd (ACN 644 510 583) and HMC Property Management Pty Ltd (ACN 644 510 707), as its investment and property managers, respectively. Both are wholly-owned subsidiaries of HMC Capital.

The Responsible Entity of HDN, HMC Funds Management Limited, is also a wholly owned subsidiary of HMC Capital.

HDN's head office is located at Level 7, Gateway, 1 Macquarie Place, Sydney, NSW, Australia.

Information about HDN's wholly-owned subsidiaries is detailed on pages 44 to 45 of HDN's FY23 Annual Report.

Our operations and property portfolio

HDN's business is only conducted within Australia. HDN owns all property via wholly owned sub-trusts. The centres operate under the HomeCo brand in the locations where they are situated.

HDN's revenue is primarily derived from rental income.

As at 30 June 2023, HDN owned:

Centres across Australia

53

Valued at circa

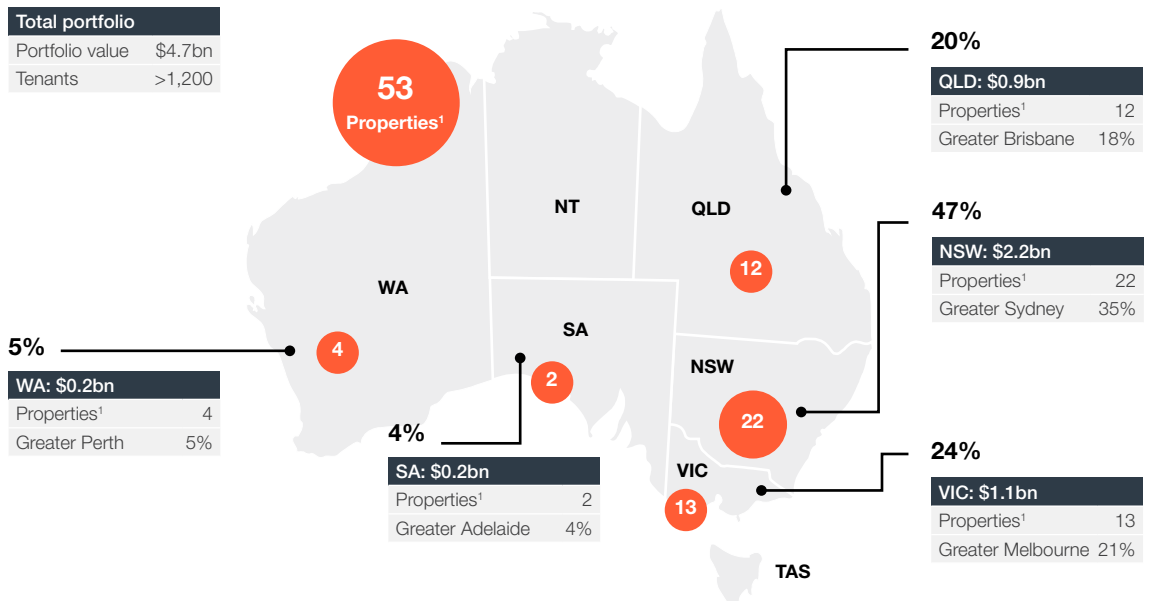
\$4.7 billion

Occupancy is approximately

99%

HDN does not have any direct employees and HMC Capital employees provide services to it. See pages 6 to 7 for further information.

For more information about HDN operations and structure, please refer to the HDN Annual Report available in the Investor Centre at <https://www.hmccapital.com.au/our-funds/homeco-daily-needs-reit/>



HDN has a leading strategic network of sites located across metropolitan growth corridors

Notes: All FY23 metrics (except for fair value) as at 30 June 23, include McGraths Hill and Menai Marketplace on a 100% basis (\$57.0 million and \$175.0 million with 25.3% and 50.1% owned by HDN respectively, and excluding ROU assets at Parafield and Caringbah (\$11.0 million).

1. Richards land parcels (108 Pine Road and 159-177 Progress Road) and Armstrong Creek Pad site and land parcel (Lot C) are consolidated into the adjacent head property.

Fund strategy

HDN’s portfolio construction seeks to diversify across geography, sub-sector and tenants resulting in consistent and growing distributions.

Strategic locations	Sub-sectors	Tenants
<ul style="list-style-type: none"> Geographically diverse national footprint 83% metro-located portfolio Exposed to markets with above average population growth 	<ul style="list-style-type: none"> Target Model Portfolio allocated between three core subsectors of 50% Neighbourhood, 30% Large Format Retail and 20% Health and Services Low correlation to traditional retail and property sectors No exposure to department stores and minimal exposure to discretionary retail and fashion 	<ul style="list-style-type: none"> 3 largest tenants include Woolworths, Wesfarmers and Coles >83% ASX-listed and/or national retailers Top 10 tenants represent approximately 25% of income

Our supply chains

As at 30 June 2023, HDN had:

4

Total direct suppliers

Our supply chains

HDN, through its suppliers, undertakes property development, property management (including asset management and property leasing), investment management and portfolio integration services.

All suppliers that HDN engaged during FY23 were based in Australia. The types of suppliers engaged are outlined below.

Direct suppliers

The Responsible Entity has responsibility for the governance and oversight of operations of HDN. The Responsible Entity has entered into four key material contracts with the following entities for the following services:

1. **Investment management services** – the Responsible Entity has engaged HMC Investment Management Pty Limited ACN 644 510 583 (as **Investment Manager**). The Investment Manager has been delegated the day-to-day control over HDN and its portfolio of assets, subject to the supervision and control of the Responsible Entity and the terms of its engagement.
2. **Property management services** – the Responsible Entity has engaged HMC Property Management Pty Ltd ACN 644 510 707 (as **Property Manager**) to act as the property manager of HDN's properties. The Property Manager has been delegated all powers necessary to carry out its obligations to manage HDN's properties, including each property in the portfolio, by providing property management services and development management services. The Property Manager provides the services subject to the supervision and control of the Responsible Entity and the terms of its engagement.
3. **Custody services** – the Responsible Entity has engaged Equity Trustees Limited (as **Custodian**) to provide custody services for HDN.
4. **Registry services** – the Responsible Entity has engaged Link Market Services Limited to provide registry services for HDN.

Both the Property Manager and Investment Manager are wholly owned subsidiaries of HMC Capital.

Indirect suppliers

The Property Manager and Investment Manager may engage external third-party service providers.

In FY23, the Property Manager and Investment Manager engaged external third-party service providers in relation to the following business categories:

- **Property management services** – including services such as cleaning security, waste management, air conditioning, landscaping and maintenance services, vertical transport and essential services such as energy, sewage and water.
- **Development activity services** – including services such as builders, contractors, materials, suppliers, design consultants and tradespeople.
- **Centre and corporate offices** – including services such as office supplies, corporate projects, employment and training of staff, external legal advice, leasing services, IT infrastructure and support services and travel, which are all provided through external management agreements.

Of the third-party service providers, property facilities management firm, Knight Frank Australia Pty Ltd (**Knight Frank**), was HDN's most material indirect supplier. Knight Frank undertakes on site management of 100% of assets in the HDN portfolio.

The risks of modern slavery practices in our operations and supply chains

Modern slavery risks in operations

We will never knowingly participate in modern slavery practices in our directly controlled operations.

During FY23, the Responsible Entity considered the extent to which the Group may contribute to or be linked to modern slavery risks in its operations.

The Responsible Entity has assessed that the risk of modern slavery practices within the Group's day-to-day operations is low, as there are no direct employees, all business is conducted within Australia and the majority of property is wholly-owned by the Group.

Accordingly, the Responsible Entity considers that the Group's greatest risk of involvement in modern slavery is being indirectly linked to it through its supplier relationships. Therefore, our actions have focused on identifying potential modern slavery risks in our supply chain.

Modern slavery risks in supply chains

During FY23, the Responsible Entity considered the risks of modern slavery in the Group's supply chain. The following indicators were the primary source used to identify and assess potential supplier risk: sector and industry risk, product and services risk, entity risk and specific signs that may indicate a person is in a situation of modern slavery.

The Responsible Entity considers that the risk of modern slavery in the Group's supply relationships was low during FY23 as:

- HMC staff who provided services to HDN are primarily working in property management and ancillary professional service roles exclusively within Australia; and
- the Group's key property and facilities manager, Knight Frank, is subject to modern slavery reporting under the Act. The Responsible Entity reviews the Modern Slavery Statements published by Knight Frank, and continues to work collaboratively with Knight Frank to support each other's initiatives to reduce the risk of modern slavery.

In relation to the risk of exposure to modern slavery practices in the type of real estate held in the Group's portfolio, the risk is considered greater with certain indirect supplier services, such as in relation to cleaning and janitorial services, security services and repair services engaged by Knight Frank that are required in the Group's day-to-day operations.

The Responsible Entity understands that Knight Frank undertakes internal audits on the supplier due diligence process and, together with the Property Manager, is engaging with Knight Frank to understand the outcomes of their audit process and to ensure that any modern slavery issues relevant to the Group's supply chains are rectified to the extent possible.

The actions taken to assess and address these modern slavery risks including due diligence and remediation processes

During FY23, the following actions were taken to better assess and address potential modern slavery risks in the Group's operations and supply chain.

Due diligence and supplier engagement

Since FY22, the Responsible Entity has undertaken due diligence to determine what actions the Group must take to assess and address the risks of modern slavery practices occurring in its operations and supply chains. As a result of this due diligence, the Responsible Entity identified that the Group's greatest risk of involvement in modern slavery is through its supplier relationships. In FY23, we continued to focus on this aspect and worked with Knight Frank to understand and aim to influence the processes that they have in place to reduce the risk of any modern slavery practices from occurring.

In addition, in FY23 the Responsible Entity worked with the Property Manager to adopt a new standard design and construct contract template for the Group, which includes modern slavery provisions. In summary, these provisions require the contractor to:

- represent and warrant that it has no knowledge of any modern slavery occurring within its organisation or supply chain and that it takes reasonable steps to identify the risk of, and prevent the occurrence of, modern slavery within its organisation or supply chain;
- ensure its personnel responsible for managing the operations and supply chains used in the performance of the contract have undertaken suitable training regarding modern slavery;
- prepare and implement a modern slavery risk management plan in relation to its performance of the contract. At a minimum, the plan must detail the contractor's steps to identify and assess risks of modern slavery practices in the operations and supply chains used in the performance of the contract, the contractor's processes for addressing any modern slavery practices of which it becomes aware in the operations and supply chains used in the performance of the contract, and the content and timing of training for its personnel about the contract. The contractor is also required to promptly make any amendments reasonably required by the relevant HDN contracting party.

During FY23:

- the Responsible Entity, together with the Property Manager and Investment Manager (as relevant), continued to work with external property, asset and facilities service providers to review existing and new suppliers and ensure that they are reviewed and screened specifically for modern slavery risks; and
- HMC Capital confirmed to HDN that it reviewed the HMC Capital Code of Conduct, which applies to HDN and all contractors of the Group, to require the contractors to comply with both the spirit as well as the letter of all laws which govern the operations of the Group, which includes the Act.

Adoption of guiding principles

In FY23, HMC Capital confirmed to HDN that it remained a signatory of the United Nations Global Compact (**UN GC**). HMC Capital, including the Responsible Entity and the Group, are committed to upholding the UN GC's 10 key principles related to human rights, labour, environment and anti-corruption.

In FY23, we also began our journey of understanding and adopting the United Nations Guiding Principles on Business and Human Rights (to the extent applicable to HDN's business). In particular, we sought to understand the principles and identify their application to HDN's business. In FY24, we will continue our work on this so that we can play a part in preventing, mitigating and accounting for actual or potential adverse human rights impacts in our operations and supply chains, and specifically modern slavery.

HMC Capital – training and governance arrangements

As HDN does not have any direct employees and HMC Capital staff provide services to it, HDN is reliant on HMC Capital's training and governance arrangements.

HMC Capital confirmed to HDN that it will support the modern slavery reduction initiatives of HDN. The structure, operations and direct workforce of HMC Capital are managed through its policies and practices, the ethical standards and behavioural conduct requirements that HMC Capital exhibits in all its dealings, both internal and external, and in accordance with the HMC Code of Conduct, and other relevant HMC governance policies. In FY23, HMC Capital confirmed to HDN that it trained all relevant staff who provided services to HDN in accordance with the above.

Remediation

The Group's modern slavery program is complemented by our governance and operational policies, as well as the governance and operational policies of HMC Capital applicable to the Group. These policies provide for our directors and suppliers to report concerns about suspected or actual improper conduct, including in relation to modern slavery, and for us to remediate the impact of modern slavery in the Group's operations and supply chains. Modern slavery practices will not be tolerated by HDN.


Our approach to remediation of modern slavery risks is summarised in Table 1. Key policies which are directly relevant to our modern slavery program include:

- The HMC Capital Code of Conduct, which applies to HDN and any contractors of the Group. The Code is designed to assist with the practical implementation of the stated values of HMC Capital and its wholly owned subsidiaries (**HMC Capital Group**). It is a fundamental principle of the HMC Capital Group that its business affairs will be conducted legally, ethically and with the highest standards of integrity and propriety. This includes always acting in a manner that is in compliance with all applicable laws and regulations, including those that deal with modern slavery. Compliance with the Code is mandatory and failure to comply may lead to disciplinary action, including termination.

- The HDN Whistleblower Policy, which further highlights HDN's commitment to the highest standard of conduct and ethical behaviour in its business activities and to promoting and supporting a culture of corporate compliance and honest and ethical behaviour. The Whistleblower Policy relates to the protection of those 'speaking-up' about misconduct. Reports may be made anonymously and may be made by persons including employees, contractors, and suppliers.
- The HDN Anti-Corruption Compliance Policy, which sets out HDN's commitment to conducting its business and operations with honesty, integrity and the highest standards of personal and professional ethical behaviour in Australia. The policy states HDN's zero tolerance for bribery and corruption in any form and sets out key obligations for reporting violations or suspected misconduct.

The Group's core governance policies on our website under the 'Corporate Governance' tab:
<https://www.hmccapital.com.au/our-funds/homeco-daily-needs-reit/>

Table 1: Remediation process overview

 Identification	 Responses may include
If HDN itself has caused or contributed to adverse impact such as modern slavery	'Making good' the adverse impact by aiming to restore the victim to the situation they would be in if the adverse impact had not occurred
If HDN identifies modern slavery practices or risks in our supply chain	Working with the relevant supplier entity that caused the impact to prevent or mitigate the harm and aim to prevent its recurrence
If HDN considers there is an unacceptable risk that modern slavery practices may be present in our supply chain	Ending the business relationship with any entity if we determine continued, unremedied unacceptable risk of modern slavery practices

How HDN assessed the effectiveness of our actions

The Group strives to improve its modern slavery risk program. Below, we have outlined how we assessed the effectiveness of our actions in addressing the risk of modern slavery during FY23.

Governance and oversight

The governance arrangements in relation to how HDN oversees its modern slavery risk program is outlined in Table 2 below.

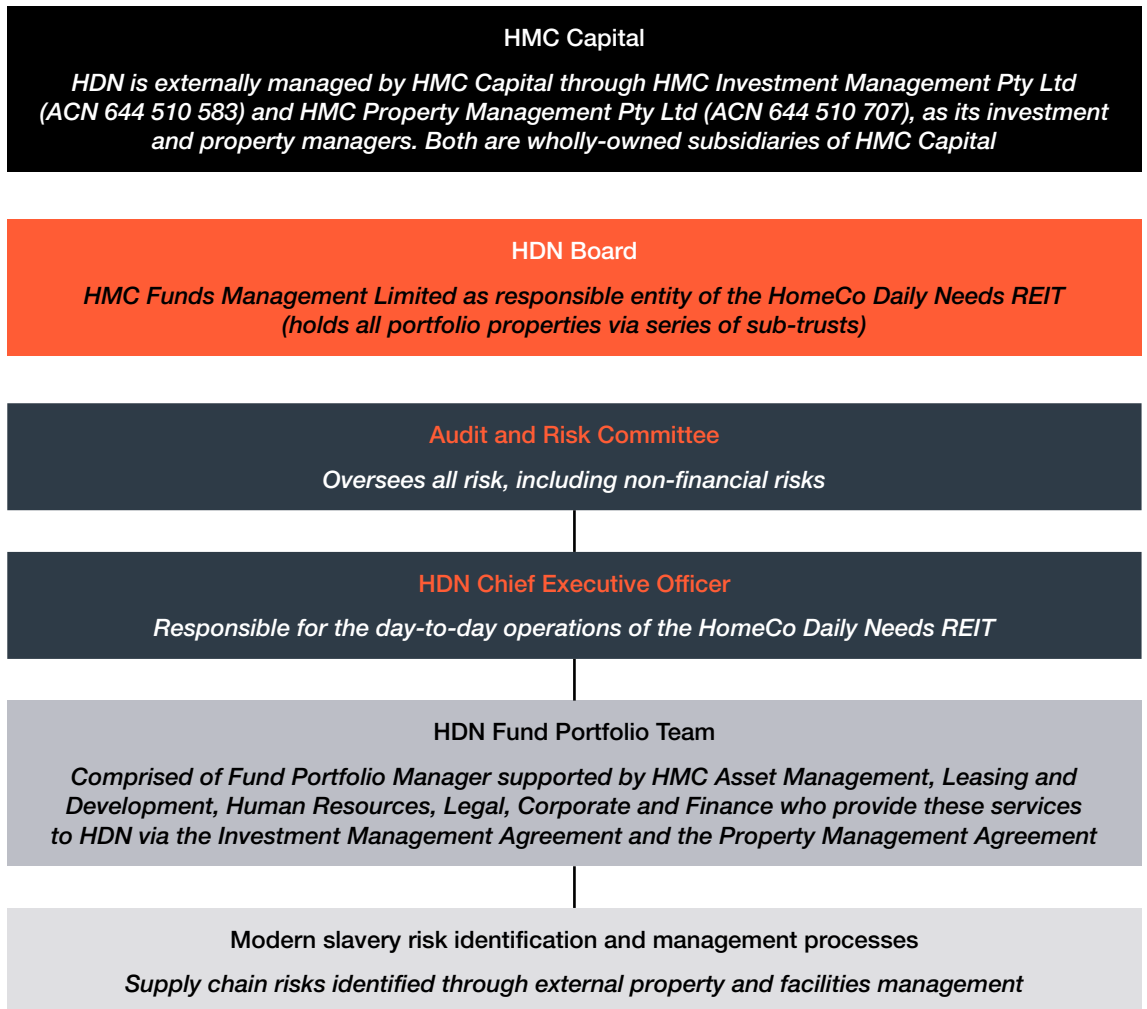
During FY23, the Responsible Entity also broadened its review to develop a greater understanding of the Group's potential modern slavery exposures, and:

- continued to assess the potential modern slavery risks in the Group's operations and supply chains with emphasis on high-risk geographical locations and business transactions; and
- reviewed key service supplier contracts to ensure they contain terms that are consistent with the Act.

We also established processes to regularly review our actions by establishing an annual review of HDN's response to modern slavery risks. In 2023, these processes included:

- checking our risk assessment processes to oversee that they remain up-to-date and that there are triggers to identify when an update to a risk assessment is required;
- setting up a process to provide regular engagement and feedback within HDN's operations;
- tracking actions and measuring impact in relation to service provider and employee engagement, and levels of awareness; and
- investigating partnering with an industry group to undertake an independent review of its actions.

Table 2: Modern slavery risk oversight – ownership and governance structure



Consultation

The Group takes a coordinated approach to managing modern slavery risks across the business, including through consultation and collaboration with key functions. Consistent with this approach, we undertook a detailed consultation process to develop this statement.

The development of this statement was led by the Group’s legal, governance, compliance and risk function, which consulted directly with senior management heading the relevant functions across the Group, including the fund portfolio management function, contracting and procurement function, and sustainability function. These senior management personnel assisted with both drafting and reviewing the statement.

The statement was then reviewed by members of Executive Leadership Team, including the HMC Group Managing Director and Chief Executive Officer, the HDN Chief Executive Officer, the HMC Group Chief Financial Officer, the HMC Group General Counsel and Company Secretary and the HMC Group Development Director.

Following this, the statement was put to the Board of Directors of the Responsible Entity for final review and approval.

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