



2020 Modern Slavery Statement

Contents

Reporting entity and consultation	2
Our structure, operations and supply chains.....	3
Modern Slavery Risks in our Operations and Supply Chains	4
Our approach to Managing Modern Slavery Risks	5
Assessing the effectiveness of our actions	7

Reporting entity and consultation

This statement is made pursuant to s 16(1) of the *Modern Slavery Act 2018* (Cth), and describes the work undertaken by Sekisui House Australia to identify, assess and address modern slavery in our operations, investments and supply chains during the calendar year 2020, and the effectiveness of those actions.

This is a joint statement prepared by Sekisui House Australia Holdings Pty Ltd with support from an external expert advisor, which covers the following reporting entities:

- Sekisui House Australia Holdings Pty Ltd (“SHAH”)
- SH Camden Valley Pty Ltd ATF SH Camden Valley Unit Trust (“SHCV”)
- SH Hill Road Investment Pty Ltd (“HRI”)
- SH Melrose Investment 2 Pty Ltd (“SHMI”)

SHCV, HRI and SHMI are subsidiaries of SHAH and are managed under the SHAH corporate structure. SHCV owns four entities: SH Camden Lakeside Pty Ltd ATF SH Camden Lakeside Unit Trust, SH Camden Scenic Pty Limited ATF SH Camden Scenic Unit Trust, SH Camden Finance No. 2 Pty Ltd and SH Camden Finance No.1 Pty Ltd. HRI owns one entity, SH Hill Road Development Pty Ltd. SHMI owns four entities: Melrose Park Development 1 Pty Ltd, Melrose Park Development 2 Pty Ltd, Melrose Park Development 3 Pty Ltd and SH Melrose Development 2 Pty Ltd. SHMI and its subsidiaries form the Melrose Park unincorporated joint venture (UJV) partnership with Payce Consolidated Pty Ltd.

All entities owned and controlled by SHAH, including SHCV, HRI and SHMI, are covered by the same corporate policies, governance structures and due diligence requirements. Throughout this statement, where reference is made to SHAH, for example in describing risks of modern slavery, this should be taken to cover the activities of all reporting entities: SHAH, SHCV, HRI and SHMI.

Appendix A sets out a full list of the entities owned and controlled by SHAH.

SHAH is an UJV partner with Payce Consolidated Pty Ltd for the Melrose Park Developments (as detailed above), as well as the Bayswater, EMT and Ferry Wharf Terminal Developments. SHAH is also in an UJV partnership with Frasers Property Group for the Central Park Development. Refer to Appendix A for a full list of the entities that are owned and controlled by these joint ventures.

Management of reporting entities and owned and controlled entities is consolidated into one management structure. This statement was prepared by Sekisui House, with input from stakeholders across the business with responsibility for relevant aspects of this statement and owned and controlled entities. Direct consultation with our joint venture partner did not take place in the reporting period.

The statement was reviewed and approved by the Sekisui House Board of Directors on 29 June 2022.



Hirotohi Katayama

Executive Director

Our structure, operations and supply chains

The Reporting entity covered by this Statement is Sekisui House Australia Holdings Pty. Ltd. (“SHAH”). SHAH is an Australian entity, operating under its immediate and ultimate parent entity Sekisui House, Ltd. (“SHL”). SHAH is an established leading property developer and home builder in Australia. SHL was founded in Japan in 1960, and has built over two millions homes worldwide. SHAH is one of the fastest growing community developers in Australia. Our business is structured around two build to sell options for our customers:

1. **Residential Communities and Home Building:** oversight of NSW and QLD Residential Communities and Home Building divisions. This business unit oversees development activities including the acquisition of land, receiving council approval, undertaking necessary civil works and design and construction of residential buildings. Other functions, such as sourcing materials and manufacturing, are also undertaken internally by the business unit. Construction activities, although managed and overseen by the business unit, are outsourced to contractors.
2. **Apartment Developments:** oversight of multiple apartment development projects including Melrose Park, Sanctuary, The Orchards, Ripley Town Centre, West Village and Coolum. Management of key Apartments Developments activities, such as design, capital works, sourcing, construction and maintenance are outsourced to contractors.

Our **Corporate** function has oversight of Capital and Investment, Human Resources, Information and Communications Technology, Administration, Finance/Accounting and Corporate Marketing to support the two home building business units. Corporate functions are mostly managed internally. However, several functions including marketing and sales are outsourced to third parties.

Figure 1 below sets out our corporate activities, at a high level, with an indication of which activities we undertake internally, and those that we do not manage internally.

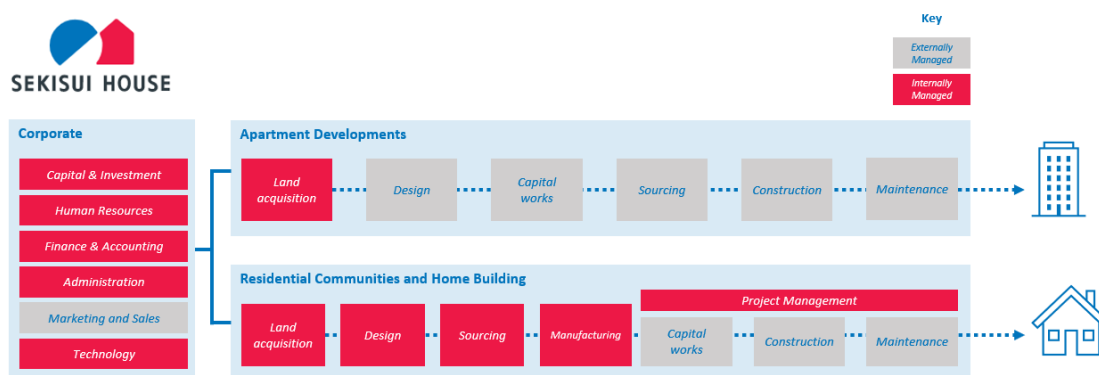


Figure 1: Sekisui House Value Chain

We have a robust and clearly defined corporate governance structure. Our Executive Team, which includes our Executive Director and Chief Financial Officer (CFO) and General Manager and is led by our Group CEO and Managing Director, have ultimate responsibility approving this Statement and implementing the commitments we make. Our Development Directors are responsible for Group sourcing decisions, including identifying, assessing and remediating any potential instances of human rights violations.

Operations and People (Workforce)

Our workforce consists of a range of specialised areas including professional services, manufacturing (at SHAH factories), capital investments for purchasing land and developments, surveying and skilled trades. However, the majority of our direct workforce are professionals with less than 10 employees working in our manufacturing facilities. A proportion of our employees were transferred from our parent entity SHL in Japan. All employees are based in Australia. For some specialised roles, such as sales and marketing, external agents based in Australia are utilised.



In 2020, SHAH employed 218 people, of whom 84% worked in full time roles). The remaining employees are either employed on a part time or contractual basis. Table 1 sets out the employee breakdown for the reporting period.

Table 1: Breakdown of SHAH workforce

Employment type	Number	% of total workforce
Full Time	184	84.40%
Part Time	21	9.63%
Contract	13	5.96%
Total	218	100%

Suppliers

In 2020, we directly engaged approximately 9,500 suppliers for a range of goods and services. The majority of these suppliers by spend were for materials and services in relation to our apartment and home building business units. The majority of our expenditure with suppliers come from products and services procured in Australia. This includes expenditure on Australian services such as labour resources to support construction and capital works projects across our Home Building and Apartment Developments divisions, specialised professional resources supporting in the design, marketing and sales of our developments, cleaning and security services for our Corporate offices, and maintenance services primarily for our Apartment Developments division. We also procure a range of our manufacturing goods from Australian suppliers such as concrete, masonry and plasterboards.

We source certain construction materials from foreign countries for a number of reasons, such as quality and consumer demand for a particular style of product. Examples of materials sourced from overseas suppliers include wood and timber from Finland, tiles and laminates from China, bathroom fixtures and fittings from China and Turkey, benchtops from Italy, and cladding and doors from Japan.

Impact of COVID-19 on our Operations and Supply Chain

Our operations and procurement activities continued to be impacted by the ongoing implications of COVID-19, which presented challenges throughout our value chain. Within our direct operations, our corporate and manufacturing sites in Sydney were affected by lockdowns, which resulted in disruptions to both projects and corporate activity. The lockdown had additional impacts on our construction division, with some construction partners experiencing significant project delays.

More broadly, human rights have been increasingly restricted as a result of the COVID-19 pandemic. Those at greatest risk of labour exploitation, such as the marginalised, discriminated against and impoverished, are now even more vulnerable due to growing inaccessibility to adequate healthcare and already-constrained movement further restricted by border closures. Recent UN reports warning that modern slavery risks would be heightened as a result of growing informalisation and casualisation of the workforce have become exacerbated with the economic and labour crisis, created by COVID-19. Further, progress of global anti-slavery efforts has been significantly stalled and fragmented given the impacted economic climate.

A global supply chains continue to suffer from the effects of COVID-19, we will ensure close monitoring of these stresses on our operations and value chain remains ongoing. We will continue to provide open and transparent communication on this unprecedented issue to all employees and suppliers of SHAH.

Modern Slavery Risks in our Operations and Supply Chains

Operations and Supply Chain Risk Identification and Assessment

We have not yet undertaken a comprehensive modern slavery risk assessment. However, based on internal discussions and consultation with external advisors, we have identified a number of areas within our business



that may present a higher risk of modern slavery. We consider the risk of modern slavery to be highest in our supply chain, both from the labour we source to enable the development of our homes and apartments, and from procurement of certain materials, in particular construction materials. Examples of possible risks to modern slavery within our priority procurement categories are detailed below:

- **Construction partners:** direct procurement of construction services where contractors may have restricted freedoms and experience instances of modern slavery such as forced labour or overtime hours. However, given we have control of our direct construction labour hire, this risk is inherently reduced.
- **Cleaning and security services:** the maintenance and cleaning and security sectors have a high inherent risk of modern slavery, with particular issues relating to migrant labour, underpayment and working overtime.
- **Specialised professional resources (design and marketing / sales):** There is typically a lower inherent risk of modern slavery within specialised professional services such as design, marketing and sales. These services are all procured within Australia, further reducing the inherent risk of these procurement categories.
- **Material products (tiles, laminates, bathroom fixtures, benchtops):** Our procurement of tiles, laminates, bathroom fixtures and benchtops products come predominantly from China, Turkey and Italy. There is inherently higher risk of modern slavery within both Turkey and China, and there have been well-documented instances of human rights violations in recent years.
- **Material products (other):** we source a range of other materials from overseas suppliers such as timber from Finland and external cladding and doors from Japan. Whilst we acknowledge that certain materials may have higher inherent risk of modern slavery, given the source countries have an inherently lower risk to modern slavery and/or the nature of our longstanding supplier relationships, we consider these to be medium-to-lower risk.

Our approach to Managing Modern Slavery Risks

In 2020, we introduced our Human Rights Policy. It builds upon our broader Corporate Philosophy and Code of Conduct, instilled to complement and clarify the “Respect for Human Rights”, one of our principles outlined in our Guidelines for Corporate Behaviour.

Our Policy recognises and is committed to uphold human rights as stipulated in the International Bill of Human Rights and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights to Work. As a demonstration of our commitment, SHAH is a signatory of the United Nations Global Compact. The Policy further details our commitment to integrate human rights due diligence processes in our business activities, in line with the United Nations Principles on Business and Human Rights.

Commitment and Governance

We are committed to protecting human rights and fulfill this responsibility by practising “love of humanity”, which is a fundamental principle for our Corporate Philosophy. We strive to uphold the principles outlined in our Human Rights Policy, working closely with our development and construction partners to provide education and transparency on our expectations as outlined within our Human Rights Policy. We are also guided by principles outlined in our Code of Conduct (“Code”), to provide fair and equal employment opportunity within our operations. We also follow principles to ensure appropriate conduct towards suppliers is maintained, such as impartial selection of capable suppliers, selection of appropriate contract types and upholding compliance with laws, regulations and contractual obligations.

Our on-site operations are governed by a diverse team that includes project managers, licensed construction supervisors and internal Quality Assurance team members. We take a proactive and open approach to managing our on-site operations. Any potential issues such as potential WHS breaches, poor quality standards and employment concerns, including instances of human rights violations, can be directly reported to on-site supervisors.

We maintain a strong policy framework which upholds the value of our organisation. Our policies reflect the core principles and expectations of employer and employee conduct and function to support our broader commitment to maintain human rights.

The key policies in place which guide our operational environment are detailed in Table 2.

Table 2: List of relevant SHAH policies which guide our operational environment.

Policy	Purpose
Code of Conduct	Our Code of Conduct (“Code”) provides a set of standards required by all employees of SHAH. It supplies information to assist in the understanding of ethical and professional standards of behaviour that apply to all our daily business activities.
Human Rights Policy	Our Human Rights Policy was developed in 2020 to build upon our broader Corporate Philosophy and Code of Conduct, instilled to complement and clarify the “Respect for Human Rights”, one of our principles outlined in our Guidelines for Corporate Behaviour.
Procurement Policy Home Building	Our Procurement Policy was developed in 2020 to ensure all Directors, Officers and Employees of SHAH adhere to procedures and standards relating to our Procurement Strategy for Home Building projects.
Procurement & Purchasing WHS&E Manual	Our Procurement & Purchasing Policy was established to maintain a system for the purchasing and/or hiring of any materials, equipment, plant and products by SHAH. This Policy provides guidelines to ensure the introduction of sourced materials and equipment does not adversely affect the health, safety and environment of SHAH employees.
Australian Whistleblowing Policy	Our Australian Whistleblowing Policy applies to both employees of the Company and employees of a supplier of services or goods to the Company.
Australian Equal Employment Opportunity, Anti-Discrimination and Harassment Policy	This Policy relates to the behaviour of all employees and workers under SHAH and outlines our position on equal employment opportunity, unlawful discrimination, unlawful harassment and unlawful victimisation.
Employee Handbook / Contractor Handbook	Provides a collection of the key human capital policies, as detailed above.

Modern Slavery Due Diligence

To date, we don’t have policies or defined approaches in place to perform modern slavery due diligence in our operations or supply chains. We have not yet undertaken a comprehensive modern slavery risk assessment.

In our operations, given the generally low risk nature of our direct employees, we consider our policies and process an effective control or the risk of modern slavery.

In our supply chain, we do not have processes in place to consider modern slavery risks in our sourcing of goods or services. There are a number of informal controls in place to mitigate the risks of modern slavery in our supply chain, including:

- sourcing from Australian suppliers for many of our building materials
- sourcing via longstanding relationships with offshore suppliers, and having insights from those suppliers into the working conditions on the ground
- overseeing workplace health and safety for our homebuilding business, including inducting all contractors and sub-contractors onto site
- having stringent quality control processes in place for all construction materials
- having all corporate spend above \$5000 reviewed and approved by the CFO

Remediation

SHAH is committed to the highest standards of openness, probity and accountability. We provide a number of separate whistleblowing services internally. Our channels for reporting grievances are clearly communicated in our Australian Whistleblowing Policy, as well as the Employee and Contractor Manuals. Stakeholders, including both direct employees and employees of our suppliers, can make anonymous reports to the relevant Authorised Disclosure Officers. The contact details of these Officers are provided to all stakeholders via the policies and manuals mentioned above. Internal employees can also raise personal work-related grievances by following the processes outlined in the Grievances and Complaints Policy located on the *EmployeeConnect* service.

Assessing the effectiveness of our actions

We are in the initial stages of establishing a modern slavery due diligence approach. We have not yet put in place processes to measure the effectiveness of our approach to assessing and addressing modern slavery on an ongoing basis.

Appendix A: Owned and controlled entities

Owned and controlled entities: Sekisui House Australia Holdings Pty Ltd

Sekisui House Australia Pty Ltd	Henlia No. 9 Pty Ltd	SH Central Park Investment West Pty Ltd
SHD Services Pty Ltd ATF SHDS Unit Trust	Henlia No. 10 Pty Ltd	SH Central Park Investment East Pty Ltd
SHA Finance Pty Ltd	Henlia No. 13 Pty Ltd (Lot 179, Lot 180)	SH Central Park Development West Pty Ltd
Sekisui House Mast (NSW) Pty Ltd	Boove 5 Pty Ltd	SH Central Park Development East Pty Ltd
Sekisui House Mast (QLD) Pty Ltd	Boove 4 Pty Ltd ATF Boove 4 Unit Trust (Lot 3, Lot 5, Lot 192, Lot 195)	SH WE HILLS INV Pty Ltd
Sekisui House Realty (NSW) Pty Ltd	Ripley Town Holdings Pty Ltd (Lot 510, Lot 182, Lot 183, Lot 184)	Sekisui House West Village Retail Pty Ltd
Sekisui House Realty (QLD) Pty Ltd	SH Homebush St Tropez Pty Ltd ATF SH Homebush St Tropez Unit Trust (Lot 24)	SH WE HILLS DEV Pty Ltd
Sekisui House Construction (Australia) Pty Ltd	Henlia No. 2 Pty Ltd	SH WEST END Pty Ltd
Sekisui House Services (QLD) Pty Ltd	Homebush St Tropez Pty Ltd (Nominee)	SH Camden Valley Pty Ltd. ATF SH Camden Valley Unit Trust (Lot 1, Lot 2)
Sekisui House Services (NSW) Pty Ltd	SH HB Finance No. 2 Pty Ltd	SH Camden Lakeside Pty Ltd ATF SH Camden Lakeside Unit Trust (Lot 4)
Sekisui House Services (VIC) Pty Ltd	SH HB Finance No. 1 Pty Ltd	SH Camden Scenic Pty Limited ATF SH Camden Scenic Unit Trust
Sekisui House Services (SA) Pty Ltd	SH Homebush Peninsula Pty Ltd ATF SH Homebush Peninsula Unit Trust (Lot 9)	SH Camden Finance No. 2 Pty Ltd
DEVUS Pty Ltd. ATF THE DEVUS Unit Trust	Henlia No. 11 Pty Ltd	SH Camden Finance No. 1 Pty Ltd
SH Hill Road Investment Pty Ltd	Homebush Peninsula Pty Ltd (Nominee)	SH Coolum Residences Pty Ltd
SH Hill Road Development Pty Ltd	SH Homebush Alora Pty Ltd ATF SH Homebush Alora Unit Trust (Lot 21)	SH Coolum Pty Ltd
SH Orchards Pty Ltd	Henlia No. 17 Pty Ltd	SH Coolum Western Pty Ltd
SH Baywater Investment Pty Ltd	Homebush Alora Pty Ltd (Nominee)	SH FWT Investment Pty Ltd
SH EMT East Investment Pty Ltd	SH EMT West Investment Pty Ltd	SH Melrose Investment 1 Pty Ltd SH Melrose Investment 2 Pty Ltd SH Melrose DM Pty Ltd

UJV entities owned and operated by SHAH

Central Park Development West Pty Ltd	SH EMT East Development Pty Ltd	Melrose Park Development 1 Pty Ltd
Central Park Development East Pty Ltd	SH Melrose Land Pty Ltd	Melrose Park Development 2 Pty Ltd
SH Baywater Development Pty Limited	SH Melrose Development 1 Pty Ltd	Melrose Park Development 3 Pty Ltd
SH FWT Development Pty Limited	SH EMT West Development Pty Ltd	SH Melrose Development 2 Pty Ltd