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Simonds Group Ltd.

# Modern Slavery Statement

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## Simonds Group Limited Modern Slavery Statement FY2023

Simonds Group Limited presents this Modern Slavery Statement for the year ending 30 June 2023 (FY2023). Approved by the Board of Directors, this statement reinforces our commitment to safety, sustainability, and human rights as we assess and address modern slavery risks in our operations and supply chain.

This statement has been prepared in accordance with the reporting requirements of Australia's Modern Slavery Act 2018 (Cth) and associated guidelines. It will be reviewed and updated annually.

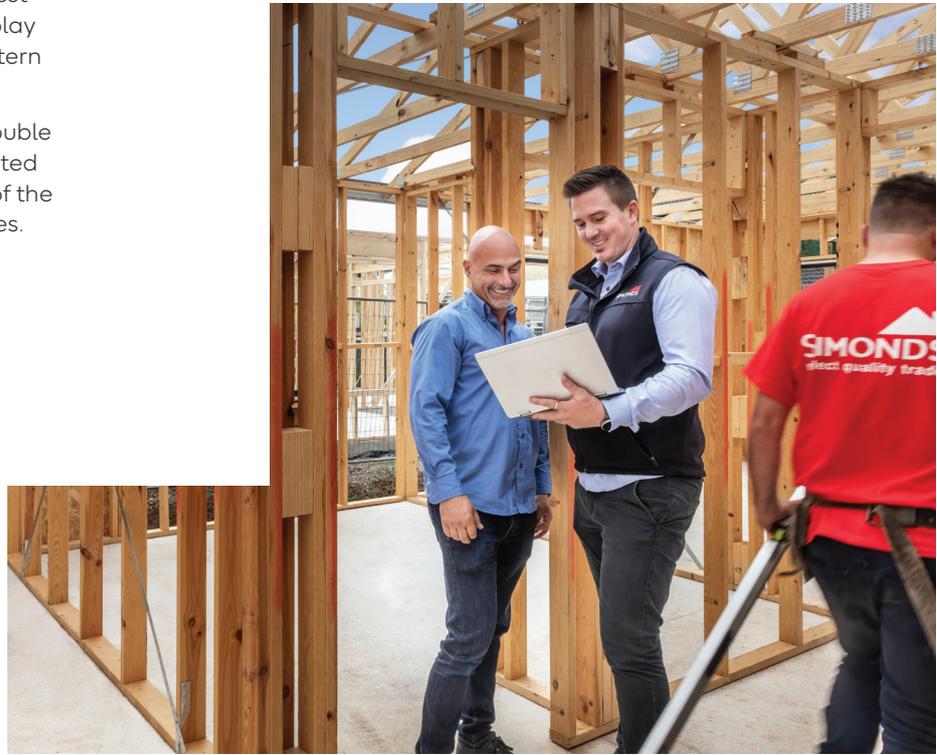
### United Nations Sustainable Development Goals

This statement addresses the United Nations Sustainable Development Goals, Target 8.7 to take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

## About Us

Simonds Group Limited (ACN 143 841 801) ('Simonds Group') is one of Australia's largest volume home builders, with sites and display homes located across the Australian eastern seaboard and South Australia.

Our product range includes single and double storey detached residential homes, targeted to purchasers in the metropolitan areas of the state capitals and in large regional centres.



...one of  
Australia's  
largest volume  
home builders.

## Our Structure

Simonds Group is an ASX Listed Company (ASX: SIO) operating through the following entities:

- Simonds Group Limited
- Bridgeman Downs Land Projects Pty Ltd
- Discover Developments Pty Ltd
- Discover Gisborne Pty Ltd
- Jackass Flat Developments Pty Ltd
- Madisson Homes Australia Pty Ltd
- Simonds Assets Pty Ltd
- Simonds Corporate Pty Ltd
- Simonds Homes NSW Pty Ltd
- Simonds Homes Victoria Pty Ltd
- Simonds IP Pty Ltd
- Simonds Land Development Pty Ltd
- Simonds Personnel Pty Ltd
- Simonds Queensland Constructions Pty Ltd
- Simonds SA Pty Ltd
- Simonds WA Pty Ltd

## Head Office

Level 1, 570 St Kilda Road, Melbourne Victoria, 3004

## Victoria

- 17-19 Wills Street, Bendigo Victoria 3550
- 105-107 Argyle Street, Traralgon Victoria 3844
- 1/810-818 Princess Hwy, Springvale Victoria 3171\*\*
- Unit 27, 797 Plenty Road, South Morang VIC 3752\*\*
- Unit 9, 22-30 Wallace Avenue, Point Cook VIC 3030
- 233 Anstruther Street, Echuca VIC 3564
- 5-7 Clarence Street, East Bentleigh VIC 3165
- 4 Stanley Street, Wodonga VIC 3690
- 110-112 Graham Street, Wonthaggi VIC 3995
- 77 Latrobe Terrace, South Geelong VIC 3220

## New South Wales

5/58 Norwest Baulkham Hills NSW 2153

## Queensland

3894 Pacific Highway, Loganholme QLD 4129

## South Australia

280 Pulteney Street, Adelaide SA 5000



\*Operations were commenced by Simonds in the below offices following the end of FY2023:

1/88 Northgate Drive, Thomastown VIC 3074; and  
5/100 Bald Hill Road, Pakenham VIC 3810.

\*\*Denotes offices in which Simonds ceased operations shortly following the end of FY2023

### Our Operations

Simonds Group’s operations are proudly based in Australia including all of our directors, employees, operations and development projects. The majority of our contractors and suppliers are also Australian based companies, businesses, partnerships and sole traders.

Simonds Homes is one of the largest volume home builders in Victoria with operations in New South Wales, Queensland, and South Australia. In FY2023 Simonds Homes was engaged in construction works across ~1,661 home sites and 105 display sites.

Simonds Group operates wholly within Australia, using Australian building and construction suppliers, contractors, trades and employees.

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## FY23

**1,951**  
NEW HOME STARTS

**105**  
DISPLAY SITES

### Our Supply Chain

Simonds Group has an annual supply chain spend of circa AUD \$649.8m with approximately 1,800 direct suppliers and subcontractors nationwide.

The diverse range of contractors within our construction business includes, but is not limited to, carpenters, painters, bricklayers, plumbers, plasterers, electricians, engineers, surveyors, and cleaners.

Our direct and indirect procurement of goods spans the full spectrum of products required to build single and double storey detached residential homes including bricks, tiles, concrete, plumbing supplies, household appliances, lighting, hardware, and a wide range of timber and metallurgical products.

Across our offices and training facilities we are a consumer of various office supplies, electronics and garments. We also require a variety of associated services to maintain and support our premises and staff.

The majority of our suppliers and contractors are based in Australia. We do not directly procure any products or raw materials from overseas. However, a number of our direct suppliers have their own complex and diverse supply chains for manufactured products and raw materials that can extend beyond Australian borders. We identify this extended supply chain as a potential at-risk area for modern slavery.

## Reporting Entities

This statement applies to Simonds Group Limited ACN 143 841 801 and each wholly owned entity of Simonds Group including:

### Trading

- Simonds Homes NSW Pty Ltd
- Simonds Homes Victoria Pty Ltd
- Simonds SA Pty Ltd
- Simonds WA Pty Ltd
- Simonds Queensland Constructions Pty Ltd
- Simonds Land Development Pty Ltd

### Non-Trading

- Bridgeman Downs Land Projects Pty Ltd
- Discover Developments Pty Ltd
- Discover Gisborne Pty Ltd
- Jackass Flat Developments Pty Ltd
- Madisson Homes Australia Pty Ltd
- Simonds Assets Pty Ltd
- Simonds Corporate Pty Ltd
- Simonds IP Pty Ltd
- Simonds Personnel Pty Ltd

During the reporting period, Simonds Group actively engaged and consulted with the above subsidiaries in the development of this statement. Simonds Group discussed details of the Act’s reporting requirements and reached an agreement on both the Modern Slavery program and the Modern Slavery statement for the Group. The directors of each subsidiary have approved this Statement.



### Risk Assessment

Simonds Group has undertaken a detailed risk assessment of its operations and supply chain to identify those products, suppliers and contractors at risk of modern slavery. Each year the risk assessment is reviewed and updated to reflect changes to our business.

Our risk assessment process divides our annual spend into 35 procurement categories.

Each category is scanned for potential modern slavery risks in relation to the specific service, product, raw material, supplier and country of origin/ manufacture.

All of Simonds Group's direct suppliers are also based in Australia.

We do not directly procure any products or raw materials from overseas.

However, Simonds Group recognises and acknowledges that our direct suppliers have their own complex and diverse supply chains for products and raw materials that may extend beyond Australian borders. We identify this extended supply chain as a potential risk area for modern slavery.

Based on our risk assessment, the following key areas may present modern slavery risks within our supply chain that require ongoing monitoring.



All of  
Simonds Group's  
direct suppliers  
are also based  
in Australia.

## Contractors

We directly and indirectly engage a wide range of contractors including carpenters, painters, bricklayers, plumbers, plasterers, electricians, engineers, and surveyors. We do not engage under-paid, unskilled contract labourers to work on our building sites and display homes.

However, Simonds Group recognises and acknowledges that our direct suppliers have their own complex and diverse supply chains for products and raw materials that may extend beyond Australian borders. We identify this extended supply chain as a potential risk area for modern slavery.

Based on our risk assessment, the following key areas may present modern slavery risks within our supply chain that require ongoing monitoring.

## Procurement of goods and materials

By working in close collaboration with our suppliers, we can ensure that our building materials are sustainably sourced and that all of our key material suppliers hold the relevant accreditations for their respective industries.

Quality always counts. We value our suppliers' initiatives in respect to sustainability, safety, materials sourcing, and people management within their businesses.

Simonds Group procures goods and materials directly and indirectly when our contractors procure materials under building contracts. The Global Slavery Index has identified a shortlist list of 15 imported products common in G20 countries, such as Australia, which present a risk of forced labour.





Our robust system  
of employment  
and safety policies  
and procedures

**ensure  
compliance with  
employment  
and safety  
regulations across  
the business.**

**Global Slavery Index:**  
**Products at Risk**  
**of Forced labour**

**Simonds Group response to potential exposure**

**Electronics**

Simonds Group uses only recognised international brands of laptops, computers and mobile phones.

We use a range of household electronics from Australian manufacturers and suppliers that contain both domestic and internationally made electrical components.

These electronics range from common household appliances like microwaves, through to security systems and climate control devices.

**Apparel & Clothing**  
**Accessories**

We provide a portion of our staff and contractors with branded uniforms from an Australian supplier.

**Bricks**

According to the Global Slavery Index, there is a high risk of modern slavery within the manufacturing of bricks in certain foreign countries.

We source all of our bricks from Australian brickworks.

**Timber**

Timber products comprise a significant proportion of most home builds. They make up a large portion of our annual spend on construction materials.

All timber sourced by Simonds Group is Australian Forestry Standard (AFS) or Forest Stewardship Council (FSC) accredited.

These organisations are dedicated to promoting responsible management of the world's forests.

AFS and FSC use systems of forest certification, chain of custody and product labelling. These assist us to ensure that our timber products are responsibly sourced and free from modern slavery.

## Risk Mitigation

### ACTIONS

Simonds Group has implemented a number of measures to mitigate the risk of modern slavery within our operations and supply chains.

### Safety Culture

We are committed to our strong safety values and actively support the health and wellbeing of our employees and contractors.

We proudly promote a positive culture of safety and wellness to all of our stakeholders and have formal engagement protocols and business continuity programs.

Simonds Group is recognised as an industry leader in building sector safety and has a strong presence in the Volume Building Safety Alliances in the states where we operate. We are committed to continuous improvement and 'best safety practice' in our systems. Our commitment to the wellbeing of workers has seen Simonds Group maintain better than average workers compensation industry rates.

### Contractor management

Through our contractor management tool, LinkSafe, we monitor and report on contractor compliance to regulations, health and safety standards and workplace expectations.

The LinkSafe induction process includes a number of questions to address modern slavery risks and allows contractors a discrete reporting avenue for any immediate concerns as they enter one of our sites.

### Supplier Code

All of our major suppliers are required to comply with our Supply Chain and Contractors Responsibility & Commitment Statement ('Supplier Code'). Our Supplier Code specifically addresses our expectations regarding the elimination of modern slavery risks within our supply chain.



Part of our standard contractor agreement, the Supplier Code includes obligations on suppliers and contractors to:

- take steps to identify and manage modern slavery risks within their organisation and supply chain
- ensure that they do not use any form of forced, compulsory, child or slave labour
- ensure that their employees work voluntarily and are entitled to leave work
- provide each employee with an employment contract and terms that adhere to the relevant employment laws.

Suppliers and contractors who do not comply with our Supplier Code are at risk of contract termination. We carry out audits and inspections of suppliers and building sites on an ongoing basis to ensure that:

- construction standards are being met;
- all occupational health and safety obligations are satisfied; and
- the rights of workers are respected according to law.

We use a detailed supplier due diligence questionnaire that deals specifically with modern slavery risks. The due diligence questionnaire forms a mandatory part of our supplier onboarding process.



QMS Certification Services



QMS Certification Services



QMS Certification Services



## Governance

As an ASX listed company, Simonds Group has a robust governance framework. Our Modern Slavery Policy sets out our commitment to ensuring modern slavery does not occur in our business or supply chain. Our Whistleblowing Policy specifically addresses the confidential reporting of modern slavery within our operations.

Our employees are required to undertake regular training on internal processes and procedures as well as changes to regulation and developments in our industry. All our staff have undertaken a dedicated training module on modern slavery risk

## OUR ACTIONS

We are committed to improving our approach to the elimination of modern slavery risks within our supply chain.

Our actions to further address modern slavery risks in previous years have included:

### LinkSafe

Updated our contractor management tool, LinkSafe, to include a range of questions at induction and compliance levels that are targeted at addressing modern slavery risks.

### Onboarding

All contractors and suppliers complete a modern slavery risk questionnaire during onboarding processes.

### Assessment

Undertaken a risk assessment of our timber supply chain to better map and understand the source of the timber we use in the construction of our quality homes.

## FOCUS ON TIMBER

Simonds Group has undertaken a modern slavery risk assessment of its timber supply chain.

Simonds Group has undertaken a modern slavery risk assessment of its timber supply chain including but not limited to frames, trusses, and floor joists. Simonds Group is committed to undertaking ongoing assessments of potentially at-risk supply chains to better map and understand the source of the products we use in the construction of our quality homes. In 2023 we selected the supply of timber for review. Approximately \$60m of our annual spend on goods and services is directed towards timber suppliers and associated service providers.

Based on this risk assessment, it has been determined that Simonds Group has a low risk of modern slavery within its timber supply chain. In conducting this risk assessment, the Simonds Group timber supply chain has been broken into the following layers:

### FIRST LAYER

#### Manufacturers

Our First category in the timber supply chain are Australian based timber manufacturers. In completing our assessment, we have identified the following key manufacturers who supply timber to Simonds Group:

- Bowens/Timbertruss;
- Dahlsens; and
- Tiling Timber.

#### Modern slavery risks identified by manufacturers:

- Small number of direct overseas suppliers and second and third tier suppliers based overseas; and
- Transport, hospitality and building maintenance.

#### Actions taken by manufacturers to mitigate risk:

- Supplier questionnaire;
- due diligence and acknowledgement form;
- Purchasing, where possible, fair trade certified consumables; and
- Partnering with suppliers who hold either a PEFC or FSC certification.

In brief, these manufacturers are large and well reputed companies that supply Simonds Group with frames, trusses, and floor joists. Due to their size and nature, these companies are highly aware of their legal and ethical obligations as employers and

follow Australia's employment, industrial relations and workplace health and safety laws. For these reasons we have identified the first category in our timber supply chain as low risk.

#### Timber Merchants

Our second category consists of timber merchants who are responsible for supplying the Simonds Group with timber on an ad hoc basis, usually as small timber orders. Our key timber merchants include:

- Bowens;
- Dahlsens; and
- Wesfarmers (Bunnings).

#### Modern slavery risks identified by timber merchants:

- Migrant labour exploitation;
- Deceptive recruitment process;
- Excessive overtime; and
- Freedom of association.

#### Actions taken by timber merchants to mitigate risk:

- Engaging a third-party human rights consultant to consider overarching human rights risks in the business;
- Increasing supply chain transparency;
- Conducting due diligence on supplier;
- Supporting the remediation of identified non-conformances;
- Training team members and suppliers to increase awareness of human rights and modern slavery risks; and
- Collaborating with other organisations, industry bodies, government, and non-government organisations.

Similar to our first category, these timber merchants are large locally based companies who are highly aware of their legal and ethical obligations. For these reasons, we consider our second category in the timber supply chain as low risk.

## Contractors

Our third category in the timber supply chain are locally based contractors for carpentry and flooring. These contractors are not responsible for supplying timber to Simonds and have solely been engaged to install timber supplied by Simonds (via its first and second category) on building sites. These contractors are often sole traders or small businesses that are not required to provide a modern slavery statement. For resourcing reasons, Simonds often use various local contractors, and therefore, it is uncommon for Simonds to use a large common contractor across all its projects. We have categorised the third category as low to medium risk due to the following:

- A. As part of the site induction process, new contractors are required to sign terms and conditions that require the contractor to confirm amongst other things:
  - i. not subcontract without Simonds Group's consent;
  - ii. comply with all legal requirements in relation to wages and entitlements of their employees (including any applicable award); and
  - iii. comply with the legislation applicable to the State and the services being provided in respect of health and safety;
- B. As these locally based contractors are not required to declare if they perceive a risk of modern slavery practices within their business, it is difficult to confirm with certainty the existence of modern slavery practices being engaged in by these contractors.

Shortly after the end of FY2023, Simonds introduced new requirements in its contractor induction program requiring the contractor to confirm that it does not and procure that their own subcontractors or suppliers do not, at any time, by act or omission do anything which is a breach of or unlawful under the foreign corrupt practices laws or otherwise engage in 'modern slavery'.

## SECOND LAYER

### Timber Mills

Our fourth category consists of timber mills responsible for supplying our first and second category. Simonds does not directly procure timber from these timber mills and does not have direct supply agreements in place with these timber mills. Key timber mills who supply our first and second category are:

- Stora Enso;
- AKD;
- Timberlink; and
- Hyne Timber.

With the exclusion of Stora Enso, these timber mills are locally owned and operated (Stora Enso is a European based company with timber mills located in Australia). These companies are large organisations with well-established process and procedures in place to monitor modern slavery risks within their own supply chains. This is evidenced via their companies' reporting under the Modern Slavery Act 2018 or equivalent international legislation.

#### Modern slavery risks identified by timber mills:

- Forced labour;
- Excessive working hours;
- Basic workers rights;
- Access to emergency preparedness mechanisms;
- Sourcing product directly from overseas suppliers; and
- Sourcing from multinationals with a local presence.

#### Actions taken by timber mills to mitigate risk:

- Implementation of human rights due diligence programme;
- Grievance and remediation mechanisms;
- Pre-qualification questionnaires;
- On-site visits and audits;
- Deep-dive assessment of paper for recycling supply chain;
- Exit from Pakistan (as child workers previously identified in a former minor equity holder); and
- Training modules for employees.

At this stage we are reliant on the established processes of our suppliers to manage any modern slavery risks within our fourth category. Based on data provided by our suppliers we understand 70% of timber supplied to Simonds has been sourced from Australia with the remaining 30% being sourced from Europe. Timber sourced from Europe has predominantly been timber supplied by Stora Enso. We have relied on the Stora Enso Slavery and Human Trafficking Statement 2022, provided under the United Kingdom's Modern Slavery Act 2015 and the Australia Modern Slavery Act 2018, which provides that:

- A. there was a greater risk in Stora Enso's complex and extensive supply chains, with respect to human rights risks, predominantly in China Poland and Baltic countries;
- B. A total of 140 investigations into potential non-compliance cases were completed in 2022 with no proven cases related to forced labor or human trafficking;
- C. During 2022, 42 audits were conducted, mainly in China, with the majority relating to contracted manufacturing, labour agencies and fiber-based packaging material suppliers. No findings related to forced labor or human trafficking were discovered; and
- D. Stora Enso's Internal Audit discovered working hour recording errors in the operations of Stora Enso's China Packaging in 2021. The investigation following the audit finding resulted in several contracts with labour agencies being discontinued in 2022.

Although it is within this layer that the greatest potential risk of modern slavery was identified within our supply chain, the relative maturity of the suppliers with their reporting obligations in relation to modern slavery provides comfort that any potential risks are being effectively managed. For these reasons we have identified our fourth category in the timber supply chain as low to medium risk.



## Assessing Effectiveness & The Future

As part of our Group risk program, the General Counsel and Chief Financial Officer are responsible for assessing and addressing modern slavery risks, with oversight from the Chief Executive Officer and the Board.

The modern slavery risk assessment and approach is reviewed annually and reported to the Audit and Risk Committee.

Recommendations will be actioned as part of our regular risk and compliance programs. The General Counsel and Chief Financial Officer report to the Audit and Risk Committee on a bi-annual basis on steps taken to address any identified gaps in our modern slavery risk management approach.

On an ongoing basis our procurement teams:

### COMPLIANCE

Ensure suppliers and contractors complete due diligence questionnaires and agree to the terms of our Supplier Code.

### KNOWLEDGE

Continue to engage with suppliers to greater understand the source of manufactured products and electronics.

### CORRECTIVE ACTION

Where risk issues are identified with a supplier, ensure that corrective action plans are created and implemented.

### CONTINUAL IMPROVEMENT

Continue to engage with suppliers to identify points of improvement and track modern slavery risk awareness levels.

### ONGOING ASSESSMENTS

Continue to undertake assessments of potentially at-risk supply chains to better map and understand the source of the products we use.

As part of our initiative to better identify and mitigate modern slavery risks within our supply chain, Simonds Group are considering the introduction of training programs for our construction, procurement, and other areas in our business to better educate our team on modern slavery risks.

THIS STATEMENT WAS APPROVED  
BY THE BOARD OF SIMONDS GROUP  
LIMITED ON 5 DECEMBER 2023



**Rhett Simonds**  
Executive Chair