

Modern Slavery Statement.

Year ending 30 June 2022.



Message from our Managing Director

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.

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 oppose all forms of modern slavery and recognise that identifying, managing, and mitigating potential modern slavery risks in our operations and supply chain is important for our homeowners, our shareholders, our teams and the communities we engage with. Our approach is one of continuous improvement and realignment to best practice.

This is our third statement and sets out our progress on assessing the risks of modern slavery within our operations and supply chain, as well as the actions we have taken in the financial year ending 30 June 2022 to address and mitigate these risks through supplier engagement, robust governance and the evolution of our supplier management model and systems.

This statement was approved by the Board of Lifestyle Communities Limited on 13 December 2022.



James Kelly
Managing Director
For and on behalf of the Board.

About this Statement

Our Modern Slavery statement has been prepared in accordance with The Modern Slavery Act (2018) and outlines the actions taken by Lifestyle Communities to address the risks of modern slavery within our operations and supply chain over the financial year 1 July 2021 to 30 June 2022.

This statement has been approved by the Board of Lifestyle Communities Limited and is made on behalf of Lifestyle Communities Limited and its subsidiaries¹, some of whom qualify as reporting entities under the Act.

The International Labour Organization (ILO) acknowledges that some sectors are more exposed to the issue of forced labour and human trafficking including sourcing goods and services from abroad, which is relevant to Lifestyle Communities. Across our operations and supply chain, we aim to ensure that we, along with our suppliers of goods and services and other business partners, operate in a way that is ethical, responsible, and respectful of human rights.

Criterion	Page/s
Identify the reporting entity and describe its structure, operations, and supply chain	4-10
Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity and entities it owns or controls	11-13
Describe the actions taken by the reporting entity and any entities that it owns or controls to assess and address these risks, including due diligence and remediation processes.	14-16
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	17

¹ Lifestyle 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 and Operations

Lifestyle Communities (LC) 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.

Our core business activities fall into two broad categories:


- Development, Design and Construction of new communities
- Operation and Management of completed communities

We also operate a Support office, which provides head office functions and support for our two core activities. These functions include sales, marketing, finance, human resources, IT and other administrative support activities.


Lifestyle Communities Limited is an ASX listed company (ASX:LIC), headquartered in Melbourne. Our operations are solely based in Victoria, Australia. 100% of our 120 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.


 **26** Communities
19 in operation and 7 in planning or development

 **3,193** affordable homes under management

 **5,300+** new homes in our portfolio + pipeline

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

 **4,500+** homeowners live in our communities

 **120** employees
68% women, 32% men

Our Workforce and Culture

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, including being a key driver for ethical behaviours within the business. 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, ensuring that adequate support is built into our governance structures.

A note on remuneration:

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



Our Values

- Our customer is our only truth
- Do it from the heart
- Own it, sort it
- Play as a team
- Deliver. Delight. Everyday
- Be constantly curious

Our Supply Chain

As part of Lifestyle Communities’ approach to engaging with and supporting the local communities in which we operate, the majority of our suppliers are small to medium sized businesses that are either Victorian based or with operating locations in Victoria.

We have long term relationships with the majority of our suppliers, where regular engagement has allowed us to develop open and transparent relationships that provide a natural forum to raise worker concerns. These suppliers make up the bulk of our Tier 1 supplier relationships and are subject to Australian employment standards.

The basis of our approach to procurement is an alignment of values, including those around socially responsible business practices and human rights. Lifestyle Communities takes a considered approach to procurement, where we aim to build long-term relationships with local suppliers who align with our strong organizational values and ethics as a ‘business for purpose’.

FY22 Supplier Spend

Business Activity	% Spend
Development, Design and Construction of Communities	81%
Operation and Management of Completed Communities & Support Office Operations	19%

FY22 top five spend categories (products and services)

Category of Product/Service	% Spend
Housing Construction	50%
Civil and Infrastructure	34%
Corporate Procurement	8%
Facilities Construction	2%
Operation of Communities	6%

The nature of our core business activities means that the majority of our procurement is of services based at the Tier 1 level, with some product procurement taking place for our support function.

The following outlines the supply chain activities within our two core business activity areas, as well as within our support functions, including activities where products and services are procured directly by Lifestyle Communities and indirectly by our suppliers:

Development, Design and Construction of New Communities	Operation and Management of Completed Communities	Support Office Operations
Development, design and construction consultants and advisers	Onsite management, including procurement of vehicles	IT equipment and services
Construction contractors and sub-contractors**	Landscaping Services	Procurement of supplies including uniforms and office supplies
Procurement of goods, services, and materials for all stages of the construction cycle*	Repairs, maintenance, cleaning and other contractors	Consultants – services (IT, legal, insurance, recruitment)
Procurement of plant and machinery**	Refurbishments	Cleaning and other minor services for support office
Procurement of sales and marketing collateral	Procurement of operations and marketing collateral	

* Indirect procurement through suppliers

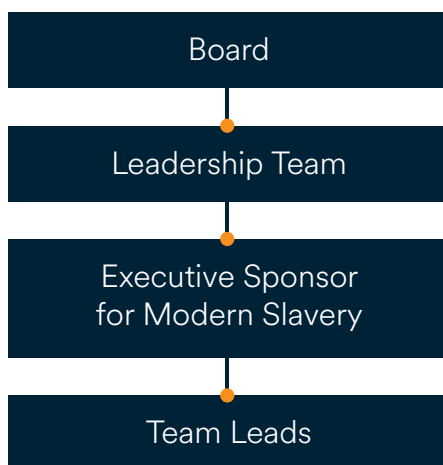
** Both direct and indirect procurement

Governance, Policies and Management Frameworks

Together with our organisational culture, our governance structure, policies, and management frameworks underpin our commitment to operating as an ethical business. This includes our commitment to human rights issues, including identifying and mitigating the risks of modern slavery. Our approach to enterprise risk management also recognizes the importance of our culture and governance structures and controls to risk mitigation.

Governance Structure and Policies

We have set out the below governance structure that we have in place to help build, commit to and monitor our Modern Slavery and Human Rights strategy, as part of our wider approach to ESG (environmental, social, governance). ESG and by extension, matters such as Modern Slavery, are a standing item on the board's agenda.



The Board is responsible for overseeing the effectiveness of the systems of risk management across our operations, including key ESG risks and opportunities. 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 lodgment.

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. The Executive Sponsor regularly reviews the systems and mechanisms in place to address the risks of modern slavery within the business operations and supply chain.

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 help identify and address human rights issues
- Promote ethical and legally compliant conduct internally and within our supply chain.

The general policies that promote ethical and legally compliant conduct internally and within our supply chain include:

- Our Code of Conduct – articulates the behaviours expected of employees and directors within Lifestyle communities and aligns with our wider commitment to respecting human rights.
- Fraud, Corruption and Bribery (Prevention and Awareness Policy)
- Communications and Continuous Disclosure Policy
- Whistleblower Policy - encourages Lifestyle Communities Directors, employees, contractors, and suppliers who have witnessed, or know about, any misconduct or suspected misconduct to speak up without fear of intimidation, disadvantage, or reprisal. This directly contributes to the addressing and mitigating risks of modern slavery within our operations and supply chain.

Activities and controls that raise awareness around human rights issues, as well as contribute to due diligence within the business, are outlined further on in this statement.

To ensure that our governance structures and risk management frameworks remain current, Lifestyle Communities receives ongoing legal advice and alerts to any changes in legislation that may have an impact on material issues within the organisation, including modern slavery.

Procurement and Supply Chain Management Frameworks

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, which defines the standard required from third parties when working with Lifestyle Communities and confirms Lifestyle Communities' commitment to a sound culture of compliance and ethical behaviour. This includes a commitment to transparency. Our Supplier Code of Conduct and Procurement Policy outline our commitment and expectations of suppliers around human rights issues, including modern slavery risks and risk mitigation. Our procurement procedures set out our procurement processes and align with our procurement policy.

We plan to continue working with our partners to streamline our supplier management processes and systems and are working to further embed ethical and human rights related expectations and principles into our supplier onboarding and on-going management systems.

Risk Assessment

In FY20, we undertook an initial scoping exercise and assessment of the risk of modern slavery within our operations, and the broad areas of risk likely to exist in our supply chain and supplier pool. Our supply chain is where the greatest potential for Lifestyle Communities to be directly linked to modern slavery practices is present.

This scoping exercise considered the assessment of risks through the potential of Lifestyle Communities to:

- Cause – operations may directly result in modern slavery practices.
- Contribute to – operations/actions may contribute to modern slavery practices.
- Be Directly Linked to – operations, products or services maybe connected to modern slavery through activities of another entity Lifestyle Communities has a business relationship with.

Our Operations

All employees are engaged under contracts that comply with national Australian 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. Based on the national legislative and governance frameworks in which we operate, we have identified that there is a low risk of modern slavery within our direct operations through this initial assessment exercise. However, as part of our due diligence processes, we will continually review the risks at intervals outlined by our governance framework, to ensure that any changes to our operations risk profile are identified.

Our Supply Chain

The initial scoping exercise and risk assessment, which took the form a internal desktop assessment, was carried out across Tier 1 of our supply chain. Tier 1 are those suppliers who we directly engage to provide products and services to Lifestyle Communities.

The risk assessment considered the following types of risks and their indicators:

- Sectors and industries of suppliers
- Types of services and products within the supply chain
- Geographic location of Tier 1 suppliers
- Types of entities and governance structures of suppliers, including types of workers employed

The initial risk assessment identified two broad areas within our supply chain that carry a higher likelihood of modern slavery risks based on the above risk categories and indicators:

Service providers – we engage contractors in the construction and cleaning sectors, among others. 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 following products within our supply chain carry a risk of modern slavery, either through direct procurement or indirectly through our supply chain:

Products at risk of Forced Labour	
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

These two broad areas allowed us to focus our initial program of work on approximately 30 suppliers, including construction and cleaning contractors, as well as service providers supporting our communities.

In FY21, we asked this group of suppliers to complete a survey through which we could further assess the areas of potential exposure to Modern Slavery in their operations and supply chain network, to provide some insight into risks within Tier 2 of our supply chain. The survey identified the highest potential risk areas being the employment of casual migrant and seasonal workers and procurement of goods from overseas by our suppliers.

The results of this survey allowed us to prioritize our engagement focus with specific suppliers for the year (FY22) based on:

1. The likelihood of existence of modern slavery risks and harm to people within the operations of our Tier 1 suppliers and their supply chains (Tier 2) and,
2. The size of the supplier and the existence, or lack thereof, of robust modern slavery mitigation policies and processes within their organization.

Through our initial assessment exercise and subsequent work, we have endeavoured to capture the full details of our Tier 1 supplier's activities. However, we acknowledge that we do not yet have full visibility of the location or employment experience of all workers across all our 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. 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 continue working with these suppliers to connect them with support, so that together we can increase transparency.

As part of our on-going risk assessment process, we are working on further assessing the degree of exposure using a risk-based methodology as we work through our supplier engagement program of work.

Our progress on our supplier engagement program during FY22 is outlined in the next section.

Actions to Assess and Address Risks

During FY22, we progressed our program of work to continue the assessment of and to address the risks of modern slavery within our supply chain.

Supplier Engagement and Collaboration

As a result of the prioritization exercise based on our initial risk assessment, Lifestyle Communities focused on engaging with Todd Devine Homes (TDH) during FY22. TDH is our key construction partner and our largest supplier. As a construction company, the nature of the sector, procurement practices, and sourcing of sub-contractors indicate a higher likelihood of modern slavery risks within TDH's operations and supply chain.

A key component of our supplier engagement strategy is our ability to leverage our business relationships for the greatest impact. Through close and on-going engagement with the small to medium sized suppliers who form the bulk of our supply chain, Lifestyle Communities has the greatest potential to identify and mitigate the risks of modern slavery through the upskilling of and collaboration with our suppliers, which has the knock-on effect of mitigating modern slavery risks several layers deep into the supply chain. The nature and length of our relationship with Todd Devine Homes also influenced their prioritization for engagement during FY22.

In FY22, we collaborated closely with TDH to guide and align their operations and procurement practices with our own in terms of addressing modern slavery. We provided materials and advice to support them in developing their Supplier Code of Conduct, including embedding clauses pertaining to modern slavery and other human rights considerations. We also supported the development of their Modern Slavery Statement and began aligning our risk assessment processes. These actions will allow both LC and TDH better visibility of our combined operational and supply chain risks, as well as an alignment of policies and actions to mitigate those risks.

Governance, Policies and Awareness

In FY22, as part of the continuous realignment of our governance mechanisms towards addressing the Environmental, Social and Governance (ESG) risks and opportunities to our business, we increased the depth and frequency of ESG discussions at the board level. This ensures that material ESG issues, such as modern slavery and other human rights issues, are accounted for in a timely manner at the highest levels of decision-making power within the organisation. This is complemented by the governance framework for modern slavery outlined previously.

We have continued to include Modern Slavery awareness training as part of our new employee induction program in FY22 and have also continued the roll out of our group wide awareness training for all staff to a completion rate of 99%. We have also engaged with our key suppliers to build a foundational understanding of modern slavery risks and how to identify them.

We have also made our internal and supplier Codes of Conduct, our Whistle-blower policy and other supporting policies publicly available on our website during FY22, as part of our suite of

Procurement Framework

Our supplier engagement and tender processes work to disincentivize modern slavery throughout our supply chain. Our supplier engagement process is a gradual and considered one, where we take the time to assess whether a supplier's values and ethics align with our own. We also engage suppliers based on best value rather than lowest cost, and work closely with our suppliers to agree upon reasonable timelines or the completion of work.

In FY 22, we have embedded modern slavery and human rights related clauses into our key supplier contracts. Most importantly, we have engaged an independent consultant to help us evolve our supplier engagement model, including embedding modern slavery awareness and mitigation principles into our updated supplier onboarding and management system.

This updated model and engagement system will be rolled out in FY23 and will work to ensure compliance and alignment of our suppliers, their policies, and operating procedures with our ethical and human rights commitments.

Risk Assessment

Our initial risk assessment and prioritization exercise has informed our supplier program of engagement for FY22. Through this engagement process, we have worked with our key supplier to further identify Tier 2 and 3 risks within their supply chain. As we progress through our engagement process, we will work to further identify and fill in gaps in our risk assessment with our Tier 1 suppliers, and deeper into our supply chain.

In FY22, we commenced work with an independent consultant on our refreshed supplier engagement model and management systems. This work is ongoing and aims to embed risk assessment processes and principles into our supplier engagement model and management systems. This will lead to improved risk assessment processes in a number of areas, including allowing us to identify and assess further risks within our supply chains in a consistent and regimented way.

Due Diligence and Remediation

Through the above actions and underpinning frameworks and processes, we have endeavoured to undertake human rights and modern slavery due diligence within our operations and supply chains. Our initial risk assessment, governance, procurement, and engagement frameworks are key to identifying and assessing actual and potential human rights impacts. Our incident reporting and training programs help us integrate our findings across the entire business. Publication of this statement, as well as other policies, communicates our progress within this area and aligns with our commitment to transparency.

We acknowledge that we are still early on in our journey in some respects, especially around tracking performance, and will continue to work towards stronger due diligence by strengthening our frameworks, processes, and engagement. The roll out of our updated supplier onboarding model and management system will contribute to more robust monitoring and tracking of our suppliers' performance around modern slavery.

In FY22, we engaged a third-party whistle-blower service provider to receive disclosures directly from staff and suppliers. This is supported by our existing whistle-blower policy that encourages stakeholder to report any improper conduct they encounter. A whistle-blower training module is also included as part of the induction process for new employees, and all existing staff have completed this training.

In the FY22 reporting period, we did not receive any reports of modern slavery in our supply chain through our Whistle-blower process. We continue to encourage use of discreet and anonymous grievance mechanisms by our team and supply chain.

Assessing Effectiveness

The following activities outline the way in which we track and assess the effectiveness of our activities in identifying human rights issues in our business activities. We acknowledge that we are on a journey of continuous improvement and that the process of developing effective assessment mechanisms is on-going. The results of these evaluation processes will be used to define the priorities and scope of work for upcoming periods.

Internal Controls and Processes

Regularly reviewing and evaluating progress on:

- The governance framework, including risks assessments and stakeholder engagement. This includes an emphasis on a 'harm to people first' approach to assessing and mitigating risks.
- General engagement activities, including our program of training, and awareness levels within the organization.
- Supplier engagement activities, including their progress on any actions/commitment made to assess and address modern slavery risks.
- The risk assessment and identifying any gaps within it, as well as working towards a deeper understanding of supply chains and accounting for any changes in risk profiles.
- Any corrective and remedial actions identified as being required and reviewing whether they are timely and effective.

As of the end of FY22, the review processes outlined above have taken place on an ad-hoc basis, with at least one review every 2-3 years (not including pressing corrective and remedial actions). This was due to the nature and steady state of the supply chain within the business, where material changes to the supplier base are uncommon and when they do take place, have triggered reviews as needed.

During FY23, as part of strengthening the governance structures around modern slavery, the timeframes will be reviewed and updated to the most appropriate and effective periods, as well as an update of the mechanisms themselves.

We will also continue to track the actions taken during FY23.

During the reporting period to 30 June 2022, Lifestyle Communities did not receive any complaints or identify any breaches (through our grievance mechanisms and otherwise) of our Modern Slavery obligations thorough our operations or supply chain.

FY 23 Program of Work

Supplier Engagement and Collaboration

In FY 23, we will continue to collaborate with our key supplier TDH to further assess the risks of modern slavery within their supply chain, as well as continuing our support to enable them to work with their own suppliers.

We will also continue to work through our engagement program of work with other key suppliers. The priority for FY 23 will include engagement with our community cleaning services and landscaping suppliers, sectors where there is a higher likelihood of modern slavery risks, as part of our 'mitigate harm to people' first approach.

Governance, Policies and Awareness

In FY23, we have committed to onboarding a dedicated resource to support the leadership team and executive sponsor in all matters pertaining to ESG, including modern slavery. This is to ensure that responsibility for assessing and taking actions towards modern slavery risks is consistent and aligned throughout the business.

We will review our modern slavery training program to ensure that it is current. We will also continue to engage with existing and new suppliers to allow for collective upskilling and awareness.

We will also conduct a high-level review of existing policies, such as our Code of Conduct, Whistle-blower Policy, Procurement Policy, and Supplier Code of Conduct to ensure that they align with our overall approach to identifying and mitigating modern slavery risks.

The timeframes and mechanisms for assessing the effectiveness of our actions to address modern slavery will be reviewed during FY23.

Procurement Framework

Our updated supplier management model and management system will be rolled out in FY23 and will work to ensure compliance and alignment of our suppliers, their policies, and operating procedures with our ethical and human rights commitments.

During FY23, we will also conduct a high level review of our supply chain activities.

Risk Assessment

In FY 23, we will continue work to identify risks deeper within our supply chains with our key supplier TDH who we have been engaging with extensively. We will continue working on identifying possible risks within the Tier 2 and 3 supply chains of our landscaping and cleaning service suppliers, as outlined by our program of work.

We will also conduct a high level review of our risk assessment process and supply chain map, to identify gaps and incorporate learnings from the programs of work we have undertaken since the initial assessment.

Due Diligence and Remediation

In FY23, the roll out of our updated supplier onboarding model and management system will contribute to more robust monitoring and tracking of our suppliers' performance around modern slavery.

The review of the risk assessment, as well as key policies, and continued engagement with key suppliers on their actions to address modern slavery risks will contribute to strengthening our due diligence around modern slavery.

Downsize to a bigger life

Lifestyle
COMMUNITIES