

AVJennings Limited

ABN 44 004 327 771

Modern Slavery Statement 2021**About AVJennings Limited**

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

The business has been part of the Australian residential property landscape for almost 90 years. It was founded in Melbourne in 1932 by Sir Albert Victor Jennings. Sir Albert believed in the “Australian dream” of a better life through home ownership, and he helped make it a reality for thousands of people. He built communities – something AVJennings continues to do today, driven by our belief that “Housing Matters. Community Matters”. We create communities people want to belong to and grow with. AVJennings remains one of the most recognised and trusted names in quality, affordable housing and was voted by Australians as the Most Trusted Brand in the Property Developer category in the 2021 Reader’s Digest Awards.

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

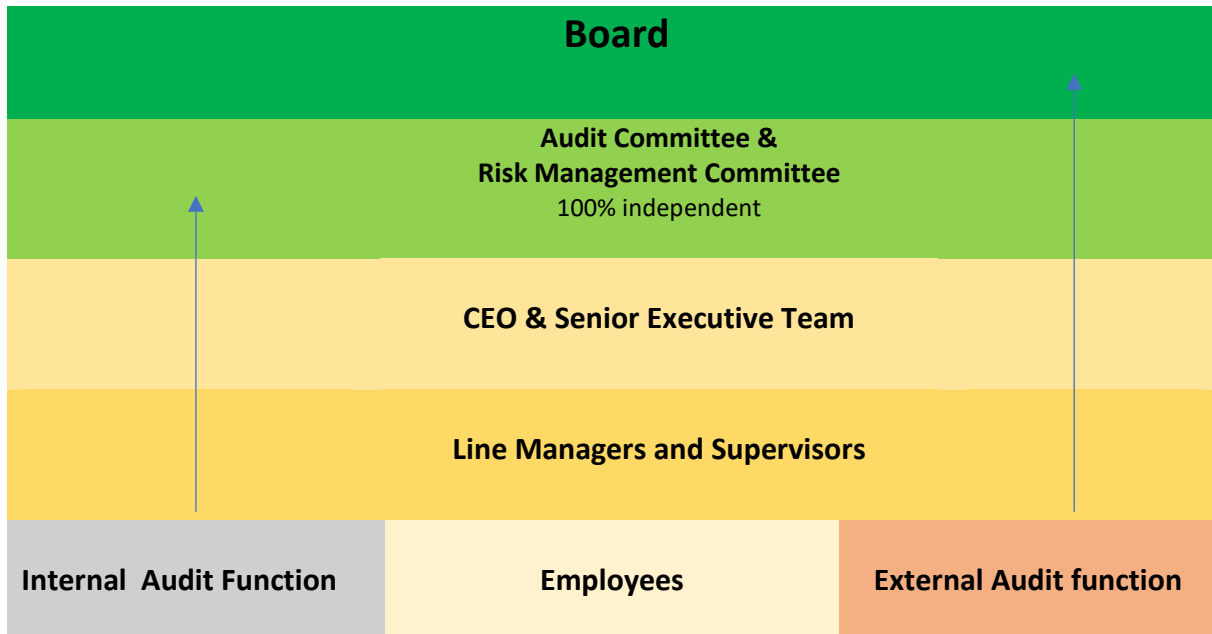
Our Structure, Operations and Business

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

The AVJennings Group comprises forty four subsidiaries, some of which are special purpose vehicles with direct land holdings. Others are parties to joint ventures, are licence holders or holding companies of other subsidiaries. The Group has about 165 direct employees and its head office is located in Melbourne, with local offices in New South Wales, Queensland, South Australia and Auckland, New Zealand.

As part of its business operations, the Company engages contractors in the development and construction industries, which include civil and building contractors. It also utilises the services of product suppliers (eg. building materials, white goods, uniforms etc), services suppliers (lawyers, planning consultants, engineers, architects and others) as well as trade suppliers (bricklayers, plumbers, electricians, carpenters and other trades). In FY21 AVJennings procured approximately \$75 million of goods and services from its top 60 suppliers.

AVJennings Risk Oversight & Governance Framework



AVJennings’ Board has responsibility for ensuring the Company has strong risk management, internal compliance and control systems to monitor and manage financial and non-financial risks. It oversees the establishment and implementation of a sound risk management system and periodically reviews its effectiveness.

The Risk Management Committee assists the Board in setting risk strategies, policies, frameworks, models and procedures, and oversees implementation of the risk management framework. This oversight includes a wide range of matters related to financial and non-financial risk, including the monitoring of employee and contractor health, safety and human rights related risks and those concerning modern slavery. The Risk Management Committee held 5 meetings in FY21 to continue its oversight of initiatives implemented by senior management both from a safety and operations perspective. It also monitors management’s response to the ongoing effects of the COVID-19 pandemic.

The Company has in place the following internal policies that apply to directors, employees and contractors.

- A Code of Conduct which applies to all levels of management and staff
- A Whistleblower Policy
- An Equal Opportunity Policy
- A Discrimination and Harassment Prevention Policy
- A Fraud and Corruption Prevention Policy and
- A Modern Slavery Policy, which was implemented in FY21.

AVJennings' Corporate Governance Statement, published on the ASX and SGX details the Company's approach to achieving and maintaining high standards of corporate governance and accountability.

Risk Identification

As part of further due diligence to ascertain AVJennings contributing to or being indirectly linked with modern slavery related practices within its supply chains, the Company undertook a further risk assessment of suppliers with whom it conducted business over a certain value in FY21. Approximately 60 larger suppliers were directly engaged on supply chain and human rights related issues. Government and local government authorities were not included in the assessment on the basis that their risk profile was considered to be at the very low end of the spectrum. The suppliers were grouped into categories based on goods and services provided, on the share of spend in each category and on the risk profile of each category.

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

Group	Share of Spend	Risk Profile
Apartment Construction	38.20%	High risk/high spend
Civil Contractors	27.84%	High spend/low risk
Professional Services	6.19%	Low spend/low risk
Trade Subcontractors	14.75%	Low spend/low-medium risk
Materials Suppliers	13.02%	Low spend/high risk

Approximately 70% of the larger suppliers responded to the survey. Of responses received we found:

General Modern Slavery Response	
Have reporting obligations under the Modern Slavery Act or have voluntarily taken steps to establish processes and procedures to comply, have a human rights policy (or similar) and actively monitor compliance, including remediation	28.5%
Supply Chain Management	
Conduct due diligence for modern slavery risk on suppliers	45%
Have operations or suppliers in countries with a high prevalence of modern slavery practices	0%
Train employees with direct responsibility for supply chain management on risks associated with modern slavery	40%

Recruitment Practices	
Employees have written contracts in place that specify employment conditions, wage rates and hours of work	93%
Do not suspect modern slavery practices within their recruitment processes	95%
Have mechanisms in place for employees to raise concerns related to labour conditions or workplace grievances	81%
Labour Hire	
If using labour hire workers on AVJ sites, aware of labour hire company recruitment practices	28.5%

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

- Some brick, steel and hardware suppliers were part of larger organisations with modern slavery reporting requirements that had conducted extensive due diligence on their supply chains to determine risk and remedial actions required.
- Some timber suppliers and landscape contractors source a major proportion of their products locally (within Australia).
- Other suppliers with Modern Slavery Act reporting obligations have made considerable progress towards putting in place policies and procedures to analyse and mitigate associated risks within their supply chains.
- Some suppliers with no reporting obligations had voluntarily put in place ethical procurement policies and procedures to address risks.
- Some medium sized suppliers are not subject to reporting under Modern Slavery legislation and therefore do not have in place procedures to address this issue in their supply chains.
- Other suppliers (mainly family-owned smaller businesses) were either unaware, had no plans to or had done minimal assessment of modern slavery risks within their supply chains.
- Almost all suppliers had suitable employment contracts in place for their employees and did not suspect modern slavery practices within their recruitment systems.
- A small number of suppliers use labour hire workers and check conditions of their employment, whereas others that use labour hire occasionally do not check employment conditions of such workers.

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

As a result of supply chain issues resulting from the COVID-19 pandemic, we asked our suppliers whether, in order to deal with supply constraints, any of the products they supplied came from high-risk areas. In all cases the response was a negative.

The assessment of AVJennings’ professional service providers, who are all based in Australia and include lawyers, accountants, engineers, planning consultants, architects and similar

professionals, established that the risk of modern slavery related practices within their operations is low.

During the assessment process, the Company also communicated its Modern Slavery Policy to its major suppliers, with a request that they confirm their willingness to adhere to the policy.

Ongoing Consultation and Communication

The assessment of a construction contractor at the Company's Waterline Place, Williamstown (Vic) development indicated that there was inadequate due diligence on its supply sources and labour practices. The Company has communicated its concerns and the contractor has agreed to incorporate improvements into its Integrated Management System (IMS) with the assistance of external consultants. The Company will engage further with the contractor to improve awareness and implement mitigation and monitoring strategies.

There were also specific consultations with an Australian owned producer of prefabricated composite walling systems the Company is in the process of trialling. Our enquiries revealed that raw materials for the walling systems were sourced from traditional supply sources.

The Company will continue to engage with its suppliers that have no reporting requirements to encourage risk assessment, improve awareness and assist with compliance.

During FY21, AVJennings also undertook company-wide communication with its procurements and site-based staff, to educate them on the risks and impacts of modern slavery and the channels available to report suspected practices.

Due Diligence and Remediation

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

- Introduction of a Supplier Code of Conduct, which will set out the Company's expectations regarding ethical sourcing of products and services. The Code will be communicated to all suppliers with which the Company currently has long-term business relationships. It will also be used to raise awareness as part of the new supplier on-boarding process.
- Further engagement with those suppliers that have indicated they are not aware of or do not plan to assess modern slavery within their businesses and provide support and encouragement to demonstrate compliance.
- Further training of staff .
- Encouraging site sub-contractor interactions with AVJennings' supervisors to enable ongoing risk assessment and management.

- Assessment of supplier tender processes for larger contracts using historical knowledge of costs and timing, to ensure mispriced tenders can be eliminated from consideration.

Risk management, governance and operations of the AVJennings Group are overseen by the Board of Directors of AVJennings Limited. The CEO and Senior Executive Team are accountable to the Board for the day-to-day management of all aspects of the business. None of AVJennings' subsidiaries operate as separate businesses and the boards of directors of all the subsidiaries are constituted of the CEO and the Senior Executive team. There is therefore no need for formal consultation between group companies.

Approved by the Board of Directors of AVJennings Limited



.....
Peter Summers, Managing Director
Date: 20 December 2021