

Modern Slavery Statement

Australian Prime
Property Fund
Commercial

**Financial Year
2020**



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Introduction

This Modern Slavery Statement (Statement) is made by Australian Prime Property Fund Commercial (APPF Commercial).

APPF Commercial is a core wholesale unlisted property trust. Established in 1994, the Fund invests in prime commercial properties across Australia. Its unitholders comprise of various institutional investors.

APPF Commercial is part of the Funds Management Platform of Lendlease and has appointed Lendlease Real Estate Investments Limited (LLREIL) as its responsible entity. LLREIL is a wholly owned subsidiary of Lendlease Corporation Limited (Lendlease) and is part of the Lendlease Group, a globally integrated real estate and investment group.

As the responsible entity, there is a legal separation of certain functions and fiduciary duties of LLREIL in accordance with the requirements under the Corporations Act (Cth) 2001 and general law.

LLREIL, as responsible entity of APPF Commercial, provides the conduit for the Fund accessing and using the policies, procedures, systems and processes of Lendlease, including all activities for assessing and addressing modern slavery risks in its supply chains and operations. This Statement therefore cross references the [Lendlease Modern Slavery Statement FY2020](#).

Identifying the reporting entities

APPF Commercial is the reporting entity for purposes of the *Modern Slavery Act 2018* (Cth).

This Statement has been prepared by LLREIL on behalf of APPF Commercial. It covers the entities listed in the table below, being entities which APPF Commercial controls. None of these entities are themselves reporting entities.

The registered office of APPF Commercial is:
Level 14, Tower Three, International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000

This Statement is for the financial year ending 30 June 2020.

Entity

Lendlease (Melbourne Quarter-C1) Pty Ltd

Lendlease (Daramu House) HeadCo Pty Ltd

APPF Commercial Finance Pty Limited

Australian Commercial International
Towers Sydney Investment Trust

Woods Trust

Roma Street Trust

Melbourne Quarter C1 Trust

APPFC Victoria Cross Trust

The reference to "APPF Commercial" in this Statement is a reference to APPF Commercial and the entities cited in the table above.

APPF Commercial is a core wholesale unlisted property trust. It comprises a high-quality portfolio of 19 predominantly premium and A Grade assets covering a total of 718,200 square metres of net lettable area.¹

Structure, operations and supply chains

Structure

The structure of APPF Commercial is described in the Introduction to this Statement and shown diagrammatically on this and the adjoining page.

Operations

APPF Commercial's operations involve the acquisition, management, leasing, administration and disposal of commercial real estate assets. The operations are undertaken by a team of portfolio managers, in-house and external legal teams as well as fund managers, transaction managers, finance professionals and an external property manager. APPF Commercial has a vision to be recognised as a world-leader in the delivery of environmental, social and

governance (ESG) outcomes in the Australian unlisted property sector and has had a Responsible Property Investment strategy in place since 2009. APPF Commercial believes that in its fiduciary and stewardship roles as a fund manager, ESG factors form an integral part of its property portfolios. It is through this ESG framework that APPF Commercial embarks on human rights considerations in its supply chains and operations, and this will be progressed in subsequent reporting periods.



International Towers Sydney, Barangaroo



Darling Quarter, Sydney



Two Melbourne Quarter, Melbourne



1 Farrer Place, Sydney

1. As at 30 June 2020.



Supply chains

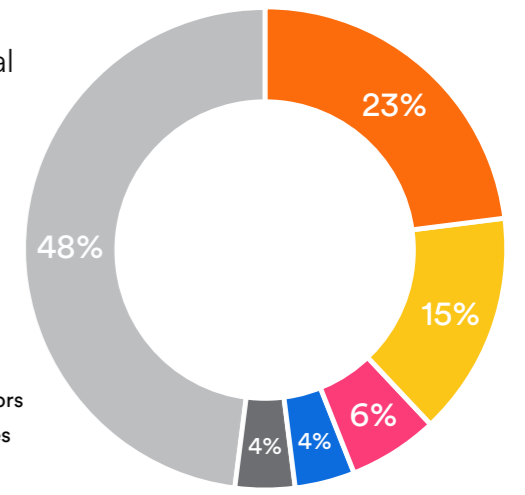
Cleaning, followed by security, holds the highest share of national spend categories.

The property manager is engaged under a Property Management Agreement (PMA) for each commercial building. Pursuant to the PMA, the property manager manages amongst other things, procurement, repairs and maintenance as well as providing leasing and lease administration services. It typically enters into service, maintenance and supply contracts as agent for LLREIL. The property manager is responsible for establishing and maintaining a robust framework, including processes and systems, in providing property management services.

The following graph shows the annual spend breakdown by top 5 supply chain categories by value. Cleaning holds the highest share, followed by security, air conditioning, lifts / escalators and general maintenance.

Top 6 national spend categories FY2020

- Cleaning
- Security
- Air conditioning
- Lifts and escalators
- Management fees
- Other



Impact of COVID-19

The Lendlease Funds Management Modern Slavery Working Group continued to focus on identifying and mitigating modern slavery risks during the pandemic.

Generally, APPF Commercial supply chains remained resilient during the reporting period and existing supply chain relationships were maintained. Led by the Environmental Health and Safety team, APPF Commercial focussed foremost on upholding Lendlease's commitment to safety for employees and customers.

APPF Commercial acted swiftly in response to the COVID outbreak to protect the health and safety of its employees.

Specific measures undertaken by APPF Commercial include:

- Cleaning and disinfecting measures across all its buildings;
- Installing hand sanitiser units in ground floor lobbies and tenant amenities;

- Installing hygiene awareness signage in amenities and kitchen and food preparation areas;
- Developing site specific staging plans to manage customer numbers within ground floor lift lobby areas; and
- Implementing a Contractor Management Plan with respect to the access of contractors onto the site, which included digital registration when on site and temperature checking.

Modern slavery risks in operations and supply chains



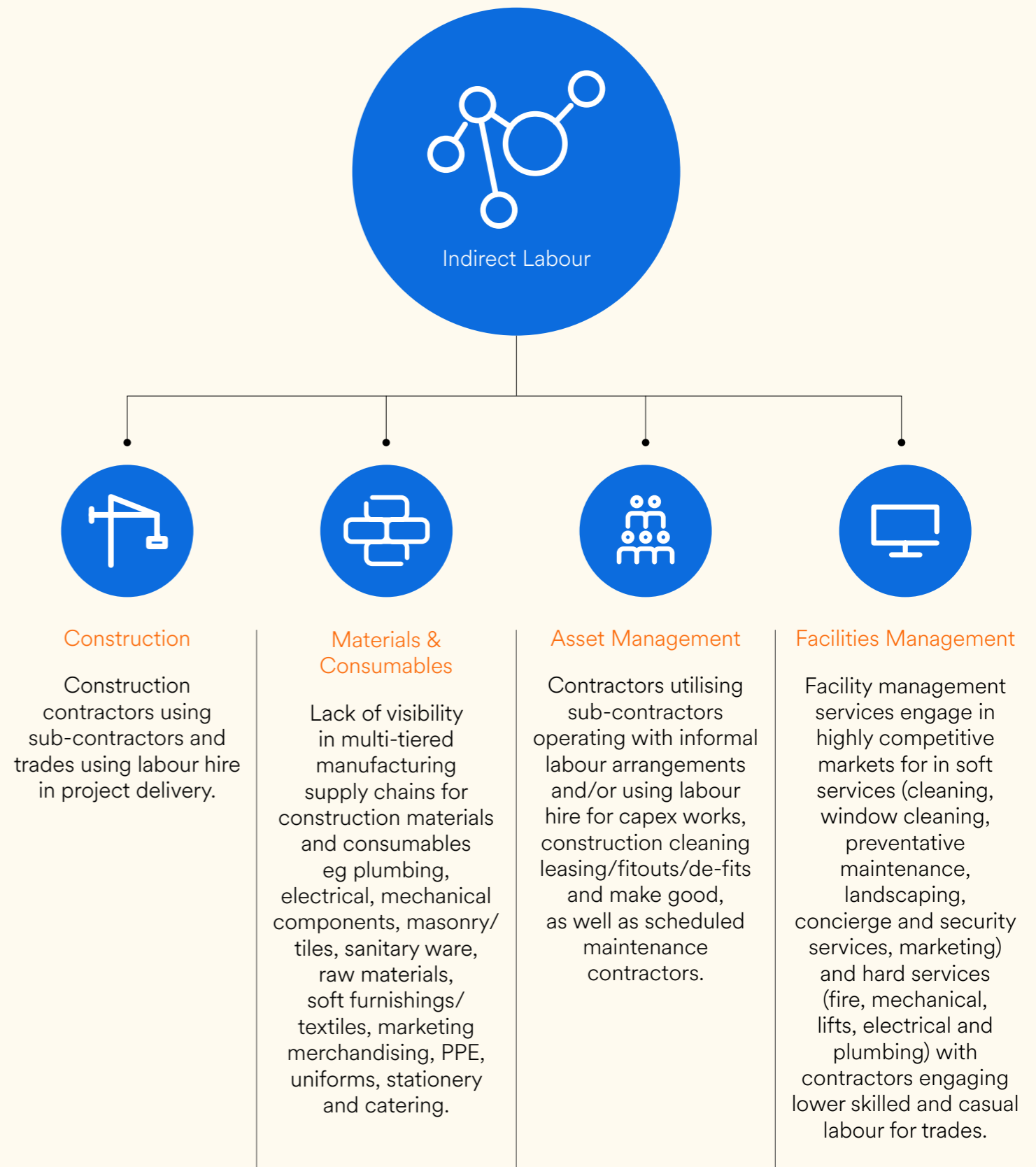
Health and safety risks are the most salient human rights risk across APPF Commercial’s operations.

The Fund comprehensively responds to these risks across all direct operations through Lendlease’s Group Policy on Health and Safety, and the Lendlease Global Minimum Requirements. All suppliers and their supply chains are required to observe these policies. The health and safety expectations are also conveyed in the Lendlease Supplier Code of Conduct. Representatives from APPF Commercial are part of the Property Council of Australia’s National

Sustainability Round Table, and through this, participated in a social sustainability modern slavery awareness raising session to understand key supply chain risks for portfolio assets. Industry peers identified low wage supply chain entities, as well as sub-contracted works, as key risks. APPF Commercial is committed to taking action to address modern slavery risks as detailed in the next section.

The following diagram identifies key areas vulnerable to modern slavery risks.

Modern Slavery Risks – APPF Commercial



Actions taken to assess and address modern slavery risks, including remediation

Policies, Systems and Processes

LLREIL, the responsible entity of APPF Commercial, has access to Lendlease's business systems and processes.

During the reporting period, Lendlease established a number of supply chain risk initiatives aimed at assessing and mitigating modern slavery risks.

As part of Lendlease's Funds Management Platform, APPF Commercial adopted many of these as detailed in this section.

Lendlease Global Minimum Requirements

APPF Commercial utilises Lendlease's Global Minimum Requirements (GMRs) across all its operations as a contractual requirement with contractors and suppliers.

GMR 3 "Establishment – Places that Care" sets out minimum requirements for worker welfare and accommodation facilities, appropriate working hours and operational approaches for mitigating personal injury on site.

Lendlease Risk Appetite Framework
APPF Commercial adopted this framework to apply to its investment decision making across its assets and operations.

Modern Slavery Template Clause

Template clauses addressing modern slavery risk were being developed during the reporting period and will be incorporated into supplier contracts, lease agreements and other template contracts in FY 2021.

Lendlease Supplier Code of Conduct

APPF Commercial adopted the Supplier Code of Conduct which includes specific requirements around mitigating human rights and modern slavery risks.

The Supplier Code of Conduct is also included in Lendlease's annual report to the United Nations Principles for Responsible Investment (PRI) as a tangible way the social dimension of the Principles are applied into APPF Commercial's operations and supply chain.

Lendlease's Funds Management Platform was one of the first property vehicles globally to join the PRI, becoming a signatory in 2007. The PRI is an initiative which comprises an international network of investors working together to implement the six Principles for Responsible Investment into practice. Further information can be found on the United Nations Principles for Responsible Investment website.

Group Conduct Breach Reporting (Whistleblower)

Lendlease integrated modern slavery concerns into this Policy by referencing the Supplier Code of Conduct. APPF Commercial also observes this policy.

Legal Training in Modern Slavery

The Australia Property Legal team (which includes the team supporting APPF Commercial) received specific practitioner level training on modern slavery risks and incident management, contextualised within crisis management and whistle-blower procedures.

Modern Slavery Risk Heatmapping

The tool is pending piloting and is intended to be available to the APPF Commercial business for targeted risk analysis of its key product suppliers during FY2021.

Supplier Portal

Lendlease is also phasing in the implementation of an enterprise wide web-based platform to facilitate supplier registration and screening.

The Supplier Portal acts as a gateway to working with Lendlease, providing a single point of entry for Lendlease's entire supply chain. It also acts as a pre-requisite to Australian-based supplier engagement process. The APPF Commercial business will be given access to this facility.

Modern Slavery Due Diligence

APPF Commercial has access to Lendlease's modern slavery due diligence questionnaire for tender purposes and intends to progress implementation during FY2021.

Audit

APPF Commercial suppliers are considered in the selection of Lendlease enterprise-wide supply chain audit program in FY2021, with a priority focus on labour.

Modern Slavery Guide

This is an employee guide on modern slavery and how to identify it as part of employee awareness raising and capacity building. All employees that work on APPF Commercial's assets can access this Guide.

Responsible Supply Chain Engagement

APPF Commercial is committed to responsible supply chain engagement, which includes:

- Responsible procurement practices;
- Supply chain education through pre-qualification;
- Alignment and implementation with Lendlease's Supplier Code of Conduct; and
- Implementation of Lendlease's Global Minimum Requirements for health, safety and the environment.

APPF Commercial's vision is to be recognised as a leader in responsible investment in the Australian commercial property sector.

PCA Supplier Platform

During the reporting period, Lendlease progressed engagement with the Property Council of Australia's (PCA) Informed 365 platform. This is a web platform which allows PCA members to engage with suppliers on what they are doing to manage modern slavery risks through an online due diligence questionnaire. From September 2020, APPF Commercial had access to the Informed 365 Platform.

Property Manager's Systems and Processes

APPF Commercial's property manager, a third party provider, has a comprehensive suite of policies and measures for workforce management and supplier engagement, including human rights and modern slavery. The property manager also has processes to identify and mitigate modern slavery risks in its own operations and supply chains. These combined measures are implemented in the engagement of suppliers and contractors to the benefit of APPF Commercial, in the operation and management of its assets.

Property Manager Engagement

APPF Commercial is working with property managers to understand current practices and opportunities to engage through procurement with its supply chain on modern slavery risks.

Remediation

Remediation in a human rights sense is about "putting things right" for the person(s) experiencing a human rights breach. The remediation response is specific to the particular circumstances and managed through APPF Commercial's crisis management framework. Depending on the contract obligations, this may mean invoking corrective action under contract, compensation, or, if an industry-wide systemic issue, public advocacy for change.

Ethics Point

Ethics Point is Lendlease's platform for confidentially logging concerns around improper conduct. This platform has been adopted globally. It is cited as the avenue for employees, suppliers and their workers to raise concerns and is accessible in local languages.

As part of the Lendlease's Funds Management Platform, this is also utilised by APPF Commercial.

Assessing the effectiveness of actions taken



During the reporting period, Lendlease's supply chain portal microsite was upgraded with tools and content including the Modern Slavery Guide with supporting communication broadcast by Lendlease's Group Chief Executive Officer and Managing Director across its 10,800 employees, including the employees of APPF Commercial.

APPF Commercial has access to this information and is able to adopt the resources and content across its operations.

Collaboration

Third party feedback on the effectiveness in assessing modern slavery risk is an area that is in development, and expected to progress in FY2021.

APPF Commercial's engagement with institutional investors, analysts and industry working groups, provide valuable insights and knowledge exchange to promote positive change and further targeted action.

APPF Commercial is also mindful of its capacity to positively influence tenants occupying its assets, through engagement initiatives that raise awareness of modern slavery risks, to facilitate good and lawful labour practices in their operations.

Responsiveness

During the reporting period, APPF Commercial recorded no reports regarding modern slavery or labour rights concerns through Ethics Point.



Consultation process in preparing this Modern Slavery Statement



APPF Commercial's response to modern slavery risk mitigation is led by a dedicated working group (Lendlease Funds Management Modern Slavery Working Group) within Lendlease's Funds Management Platform. This Working Group comprises a cross-section of senior leaders and experts in legal, operations and sustainability. The Working Group regularly consults with Lendlease's Group Supply Chain function within which sits a dedicated risk team coordinating Lendlease's response to modern slavery risk mitigation.

In preparing this Statement, fund managers, property managers and members of the LLREIL Board have been engaged in considering modern slavery risk issues, actions being taken to mitigate those risks and reporting requirements.

This has been done through the adoption of systems and processes which were developed and implemented by Lendlease's Group Supply Chain function and through briefings to the LLREIL Board.

APPF Commercial has also participated in Lendlease's Australian Modern Slavery Community of Practice, which has cross-functional representation across Lendlease in Australia and includes APPF Commercial's operations and entities.

The Community of Practice aims to meet monthly to consider local modern slavery risks in respective business unit operations and supply chains. Representatives include sustainability, supply chain, risk, legal, and operations functions from Lendlease's construction, investment and development businesses. Refer to section 6 of the [Lendlease Modern Slavery Statement FY2020](#) for further details.

There has also been consultation with a range of personnel who operate across the entities covered by this Statement.

Other relevant information

APPF Commercial was again recognised as one of the world's most sustainable real estate funds in the 2020 GRESB Real Estate Assessment¹. GRESB (Global Real Estate Sustainability Benchmark) is a well regarded benchmark for ESG performance disclosure for real estate owners, asset managers and developers. Material indicators include policies on social issues such as human rights and labour standards / working conditions. It also includes social risk assessments, including child labour, forced or compulsory labour, human rights as well as labour standards and working conditions.

The Fund holds investments in the International Towers Sydney assets at Barangaroo South via Lendlease International Towers Sydney Trust and Lendlease One International Towers Sydney Trust, which achieved first and second place respectively for the Australia Office Sector (high-rise core). In the 2020 GRESB Assessment, APPF Commercial was ranked third in the same peer category.

APPF Commercial maintains strong outcomes in both environmental and social performance within GRESB. In 2020, the Fund achieved a 5 Star rating which is awarded to entities with GRESB scores placed in the top quintile (20%) of the entire benchmark.

Lendlease has been associated with GRESB for over a decade and is actively engaged in GRESB committees and working groups to advance the benchmark framework that support ESG outcomes in the property sector globally.

Looking ahead

In FY2021, areas of focus will include employee training, tenant education and property management awareness on modern slavery, continuing integration of modern slavery clauses in supplier contracts, leases and other template contracts, as well as maintaining engagement with the Lendlease Funds Management Working Group and Lendlease Australian Modern Slavery Community of Practice.



¹ The 2020 GRESB real estate results provide aggregated information on 96,000 properties in 64 countries, representing more than US\$4.8 trillion in gross asset value of property assets under management from over 1,200 GRESB participants.

This Statement is made pursuant to section 13 of the *Modern Slavery Act 2018* (Cth). Development of this Statement has been considered by the Board of Directors.

This Statement has been approved by the Board of Directors of Lendlease Real Estate Investments Limited, on behalf of APPF Commercial, who will review and update it as necessary.

Signed: 

Director name: Scott Mosley

Date*: 25 March 2021

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