

**MODERN SLAVERY
STATEMENT**
FINANCIAL YEAR 2021



Simonds Group Limited presents this Modern Slavery Statement for the year ending 30 June 2021 (FY2021). 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.

Simonds Group has been uniquely placed as the only national volume home builder with its own Registered Training Organisation (RTO) that offers qualifications to the broader building and construction sector. Builders Academy Australia (BAA) delivers high quality, nationally accredited building and construction qualifications, developing skilled workers for high demand areas.

Simonds Group completed the sale of BAA on 30 November 2021, however the parties have entered into a preferred supplier arrangement to maintain this strong relationship going forward.



6000+
CONTRACTORS

800+
EMPLOYEES

70+
YEAR HISTORY



OUR STRUCTURE

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

- Simonds Group Limited
- Bridgeman Downs Land Projects Pty Ltd
- City Wide Building & Training Services Pty Ltd
- Discover Developments Pty Ltd
- Discover Gisborne Pty Ltd
- House of Learning 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

Shop 12/172 McIvor Road, Bendigo Victoria 3550

2/203-205 Woodward Road, Bendigo Victoria 3550

105-107 Argyle Street, Traralgon Victoria 3844

1/810-818 Princess Hwy, Springvale Victoria 3171

1 Plenty Road, South Morang Victoria 3752

9/22-30 Wallace Ave, Point Cook Victoria 3030

477 Latrobe Terrace, Geelong Victoria 3220

233 Anstruther Street, Echuca Victoria 3564

5-7 Clarence Street, East Bentleigh Victoria 3165

101 Main Street, Bairnsdale Victoria 3875

14 Stanley Street, Wodonga Victoria 3690

110-112 Graham Street, Wonthaggi Victoria 3995

New South Wales

Level 5/58 Norwest Blvd, Baulkham Hills
New South Wales 2153

302-308 Wagga Road, Lavington
New South Wales 2640

Queensland

3894 Pacific Hwy, Loganholme Queensland 4129

South Australia

280 Pulteney Street, Adelaide South Australia 5000

Builders Academy Australia

Level 4, 570 St. Kilda Rd, Melbourne, Victoria 3004

4, 13-15 Brough Street, Springvale Victoria 3171

City-Wide Building Training Services

16, 25 Ourimbah Road, Tweed Heads
New South Wales 2485



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

Simonds Homes is one of the largest volume home builders in Victoria with operations in New South Wales, Queensland and South Australia. In FY20 Simonds Homes was engaged in construction works across ~2,395 home sites and 115 display sites.



Builders Academy Australia

Up until 30 November 2021, the Simonds Group operated a registered training organisation, Builders Academy Australia (BAA), which assists people seeking qualifications to enter the building and construction workforce or advance their careers.

The Academy provides high quality, nationally accredited building and construction qualifications in skilled needs areas. As a regulated sector, BAA continues to ensure that strong governance, quality management systems and processes are in place across its operations while aligning all activities with the needs of the building and construction industries. Every course is designed and delivered with the promise of 'builders training builders'.



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

OUR SUPPLY CHAIN

Simonds Group has an annual supply chain spend of circa AUD\$520 million with approximately 570 direct suppliers and contractors 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.



\$520M
OF GOODS AND SERVICES

procured from

570
DIRECT SUPPLIERS
AND CONTRACTORS



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.

The risk assessment indicates Simonds Group has a low risk of modern slavery within its operations.

Simonds Group operates wholly within Australia, using Australian building and construction suppliers, contractors, trades and employees that are protected by Australia's industrial relations system. Our robust system of employment and safety policies and procedures ensure compliance with employment and safety regulations across the business.

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:

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.

We are strong advocates for the use of qualified trades, and heavily promote this through BAA. Accordingly, we do not consider our building and construction contractors to be at significant risk of modern slavery practices.

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.

Simonds Group potentially has exposure to five product categories on the Global Slavery Index, as outlined below:



Our robust system of employment and safety policies and procedures ensure compliance with employment and safety regulations across the business.

ELECTRONICS

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

We have reviewed the modern slavery statements for those manufacturers and are aware that they are actively taking steps to eliminate modern slavery within their own supply chains and manufacturing processes.

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.

We engage with the suppliers of those products in order to better understand the origin of the electronics provided to Simonds Group and its customers.

APPAREL AND
CLOTHING
ACCESSORIES

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

We continue to work with the supplier to confirm the origin of all fabric and garments.

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. Safety is the cornerstone of our business, addressed as the first agenda item in every Simonds Group management meeting.

We proudly promote a positive culture of safety and wellness to all of our stakeholders. This was extended through COVID-19 with the establishment of 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.

LinkSafe includes a number of questions to address modern slavery risks and allow 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
- permit Simonds Group to carry out inspections of their premises, in order to verify compliance with the Supplier Code.

Simonds Homes is the first and only national residential volume builder to concurrently hold Quality, Environment and Safety certifications under Australian Standard 9001, ISO 14001 and AS4801.





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
- ✔ 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.

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.

COVID-19

COVID-19 has impacted our business and people in ways we could not have imagined. Now, well into its second year, COVID-19 has highlighted the importance of 'home' for our nation's stability and wellbeing.

Within a short time, we also had over 800 staff working from home, and our people have never worked harder or more collegiately, looking for simple but viable solutions to achieve our goals.

We are now able to rapidly adapt to absorb the challenges brought by snap lockdowns and supply chain disruptions.

We have had to quickly find new ways of working with our partners and looking after our customers. But, with such a long history, Simonds is no stranger to adversity.

We have approached the challenges as an opportunity to transform our business and revolutionise the industry using technology. For Simonds Homes, it's not a big mind-shift for younger first home buyers who already purchase regularly online. For others, moving into a virtual landscape was more difficult.

For BAA, there were real advantages to already delivering courses online. We now see the benefits of a hybrid model, combining online and virtual options as the way forward for both parts of our business.

In our view the pandemic has not increased the risk of modern slavery within our organization or supply chain. The extended closure of international borders and tracking and tracing protocols on building sites may have reduced the limited risk of at-risk persons being within our labour supply chain.

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 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



Education

Introduced course materials within BAA to ensure future generations of building and construction workers have a heightened awareness of modern slavery risks and how to eliminate them



Onboarding

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



Training

All Simonds Group employees are required to complete the modern slavery awareness training module



Assessment

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



FOCUS ON PLUMBING TRADES

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

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 2021 we selected the plumbing supply trade for review. Approximately 6% of our annual spend on goods and services, or \$35 million, is directed towards plumbing trades and suppliers. Based on the risk assessment, it has been determined that Simonds Group has a low risk of modern slavery within its plumbing supply chain.

Our Tier 1 plumbing suppliers are Australian based plumbing contractors. These contractors engage skilled and qualified plumbers and apprentices on Simonds' construction sites. They are small to medium sized family owned and operated businesses that do not typically use at-risk labor segments. Our plumbing contractors are aware of their legal and ethical obligations as employers and are required to follow Australia's employment, industrial relations and workplace health and safety laws.

In addition to the provision of skilled labor, the plumbing contractors supply Simonds with a range of "hidden" plumbing materials in each build such as PVC/Poly/PE/PEX pipes and hoses, copper pipe, clamps, adhesives and other various valves and fittings.

Most of the materials purchased for Simonds' by our plumbing contractors come from Australia's two largest plumbing trade suppliers. Both of those suppliers are actively assessing and reporting on modern slavery risks within their own supply chains, as evidenced by their own/parent company modern slavery statements issued pursuant to the Modern Slavery Act 2018 (Cth). Simonds Group does not have supply agreements with the plumbing trade suppliers but considers them to be Tier 2 in our upstream supply chain.

Whilst Australian plumbing trade suppliers carry many thousands of different products, information from our plumbing contractors indicates a preference towards using a small cohort of products manufactured in Australia using locally sourced raw materials. Our plumbing contractors generally choose pipe and fittings made in Australia from copper, zinc and steel mined in Australia. PVC and Plastic products used on Simonds sites are generally made in Australia by Australian manufacturers. Simonds Group does not have supply agreements with those manufacturers, but we consider them to be Tier 3 in our upstream supply chain.

6% OR
\$35M

ANNUAL SPEND
ON GOODS
AND SERVICES
DIRECTED TOWARDS
PLUMBING TRADES
AND SUPPLIERS

Our examination of a selection of manufacturers indicated that many are already assessing and reporting on modern slavery risks within their own supply chains. This is occurring in many cases via their parent companies reporting under the Modern Slavery Act 2018 or equivalent international legislation. In addition, several Australian PVC pipe and fittings manufacturers have committed to eliminate modern slavery risk as Signatories to the Australian PVC Stewardship Program. We applaud the efforts of the Australian Vinyl Council of Australia in this regard, as up to 65% of all spend by our plumbing contractors is directed towards PVC based products.

ASSESSING EFFECTIVENESS

The General Counsel is responsible for assessing and addressing modern slavery risks, with oversight from the Chief Financial Officer.

The modern slavery risk assessment and approach will be reviewed annually and reported to the Board.

Recommendations will be actioned as part of our regular risk and compliance programs. The General Counsel will report to the Audit and Risk Committee and the Board 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 will:



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 in the construction of our quality homes.





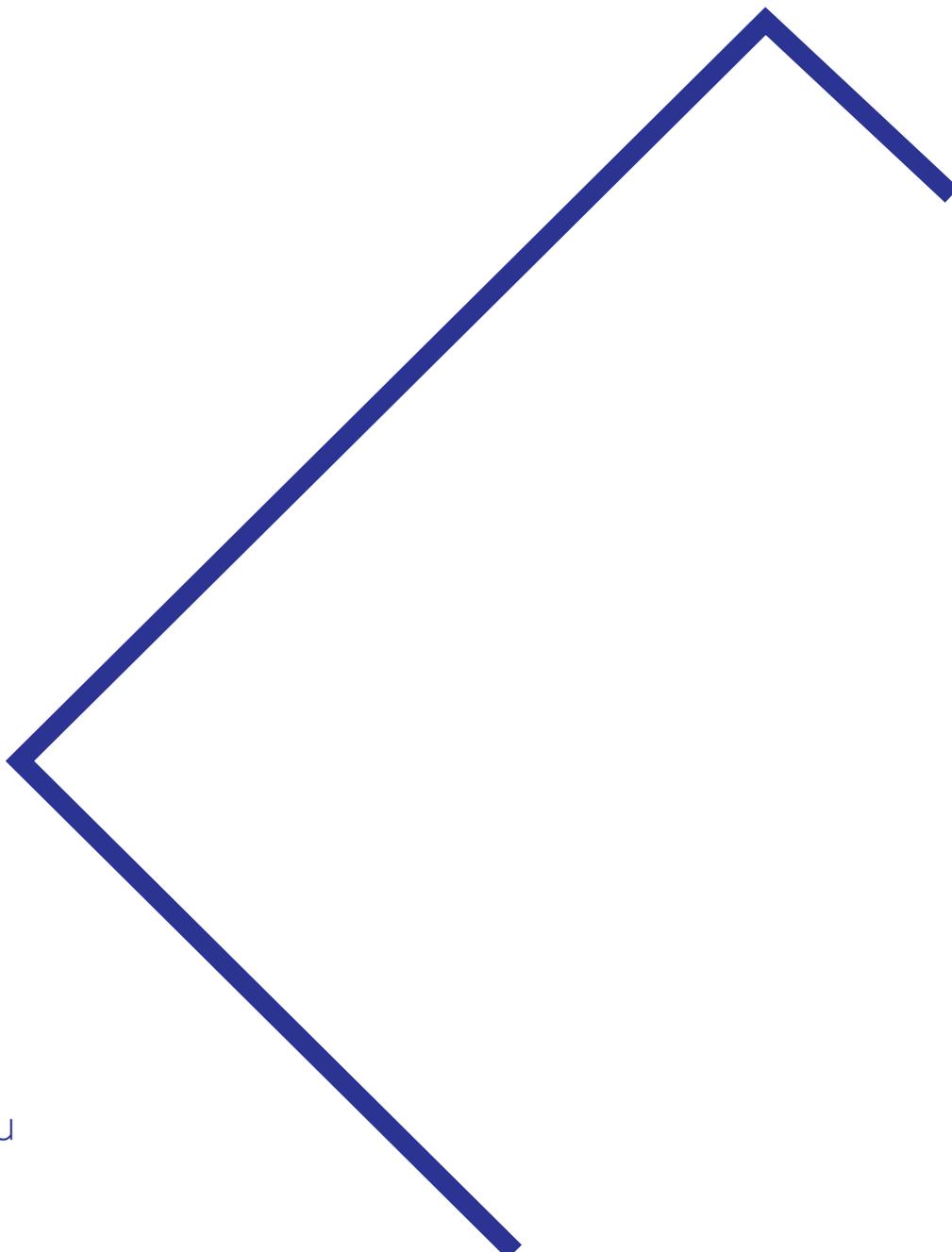
Simonds Group

THIS STATEMENT WAS APPROVED BY THE BOARD OF
SIMONDS GROUP LIMITED ON 17 DECEMBER 2021

A handwritten signature in black ink, appearing to be 'Rhett Simonds', written in a cursive style.

Rhett Simonds

CEO AND EXECUTIVE CHAIRMAN



Simonds Group

simondsgroup.com.au