

# Embedding a Risk Based Approach

Modern Slavery Statement

Lendlease One International  
Towers Sydney Trust

Lendlease One International  
Towers Sydney Trust Sub Trust

**Financial Year ending 2021**





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## Acknowledgement of Country

As an asset owner in Australia, we pay our respects to the traditional owners, especially their elders past and present, and value their custodianship of these lands.



# Introduction

This Modern Slavery Statement is made by the following entities:

Lendlease One International Towers Sydney Trust (LLOITST)

Lendlease One International Towers Sydney Trust Sub Trust (LLOITST Sub Trust )

LLOITST is a A\$2.8b wholesale fund established in 2012. Both LLOITST and LLOITST Sub-Trust hold an interest in one of three commercial towers constructed by the Lendlease group at Barangaroo South, being International Towers Sydney – Tower One.

Barangaroo is an urban regeneration project located on the waterfront in the Sydney business district.

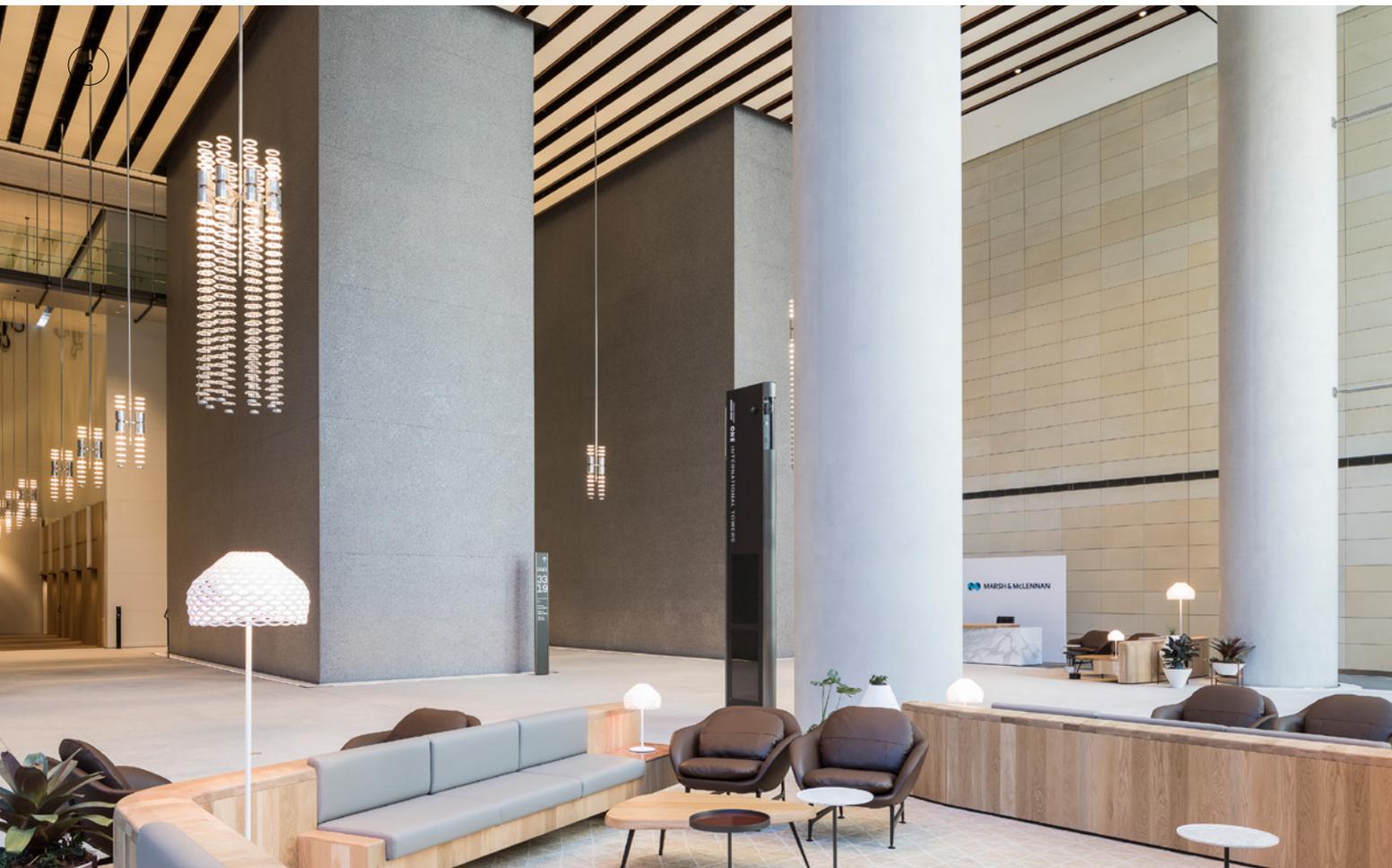
LLOITST and LLOITST Sub Trust are part of Lendlease's Funds Management Platform and comprise institutional investors. LLOITST has appointed Lendlease IMT (OITST) Limited (LLOITST Limited) as its trustee.

LLOITST Sub Trust has appointed Lendlease IMT (OITST ST) Pty Limited (LLOITST Sub Trust Pty Limited) as its trustee.

Both trustees are wholly owned subsidiaries of Lendlease Corporation Limited (Lendlease) and are part of the Lendlease Group, a global integrated real estate and investment group.

Therefore, as the trustees, LLOITST Limited and LLOITST Sub Trust Pty Limited, provide the conduit for the Funds accessing and using the policies, procedures, systems and processes of Lendlease, including all activities for assessing and addressing modern slavery risks in their supply chains and operations. This Statement therefore cross references the Lendlease Group Modern Slavery Statement FY21.





# Identifying the reporting entities

LLOITST and LLOITST Sub Trust are the reporting entities for purposes of the Modern Slavery Act 2018 (Cth) and make this Statement as a joint statement pursuant to section 14 of the Modern Slavery Act 2018 (Cth).

This Statement was jointly prepared by Lendlease IMT (OITST) Limited and Lendlease IMT (LLOITST ST) Pty Limited as trustees of their respective trusts.

This Statement also covers the entities cited in the table below, being entities which LLOITST control. None of the following entities are themselves reporting entities.

## Entities controlled by LLOITST

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Lendlease Company One Pty Ltd

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Lendlease OITST Finance Pty Ltd

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References to 'One International Towers Sydney Trusts' in the remainder of this Statement is a reference to LLOITST and LLOITST Sub Trust.

The registered office of LLOITST and LLOITST Sub Trust 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 2021.

# Structure and operations

One International Towers Sydney Trusts owns International Towers Sydney – Tower One, the largest of the three commercial towers at Barangaroo South.

The structure of One International Towers Sydney Trusts is described in the Introduction to this Statement.

The operations of One International Towers Sydney Trusts involves the investment, management, leasing and administration of International Towers Sydney – Tower One at Barangaroo South.

The operations are managed by a team of portfolio managers, in-house and external legal teams as well as fund managers, transaction managers, finance professionals, and property managers.

The management team for One International Towers Sydney Trust treat ESG factors as an integral part of the fiduciary and stewardship responsibilities of managing the portfolio and has had a Responsible Property Investment strategy in place since 2017.

It is through this ESG lens that One International Towers Sydney Trusts embarks on human rights considerations in its supply chains and operations, and this will be progressed in subsequent reporting periods.



International Towers Sydney, Tower One, Tower Two and Three



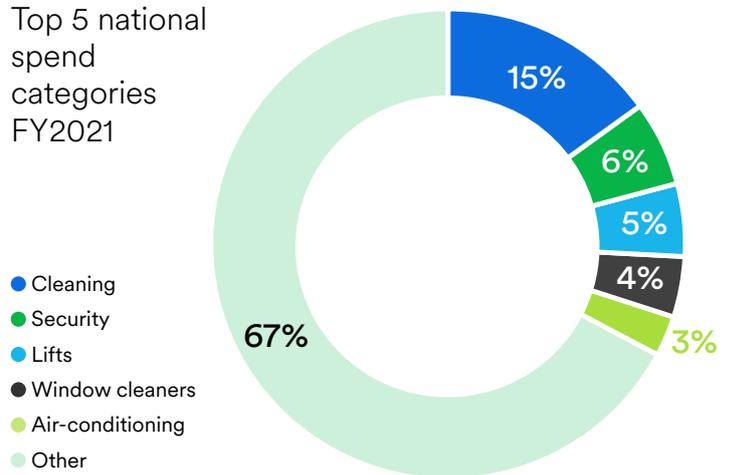
# Supply chains

International Towers Sydney – Tower One is managed by an external property manager with retail leasing services provided by Lendlease Property Management (Australia) Pty Limited (LLPMA), a wholly owned subsidiary of Lendlease.

The property manager manages, amongst other things, procurement, repairs and maintenance, and enters into service, maintenance and supply contracts as agent for the trustee. It also provides commercial leasing services. It is the responsibility of the property manager and LLPMA for establishing and maintaining a robust framework, including processes and systems, in providing property management retail leasing services and oversight of supply chain risks.

The following graph shows the annual spend breakdown by top five supply chain categories. Cleaning holds the highest share by value, followed by security, lifts, window cleaners and air-conditioning.

Top 5 national spend categories FY2021



## Impact of COVID-19

Generally, One International Towers Sydney Trusts’ supply chains remained resilient during the reporting period and existing supply chain relationships were maintained. It focussed foremost on upholding Lendlease’s commitment to safety for employees and customers.

The Lendlease Annual Report FY21 sets out the impacts of COVID-19 on operations. Please refer to pages 34 to 35 and 59 of that report for specific details with respect to the health and safety of Lendlease’s workforce and businesses respectively. Refer also to the Lendlease Modern Slavery Statement for FY21.



# Modern slavery risks in operations and supply chains

The COVID-19 pandemic has reinforced health and safety risk as One International Towers Sydney Trust's most significant risk across its operations.

One International Towers Sydney Trusts comprehensively respond 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 One International Towers Sydney Trusts participate in the Property Council of Australia's National Sustainability Round Table and initiatives including modern slavery awareness sessions to understand key supply chain risks for portfolio assets. Industry peers identified suppliers using temporary migrant, low-skilled and semi-skilled workers, as well as providers of sub-contracted labour as key risks.

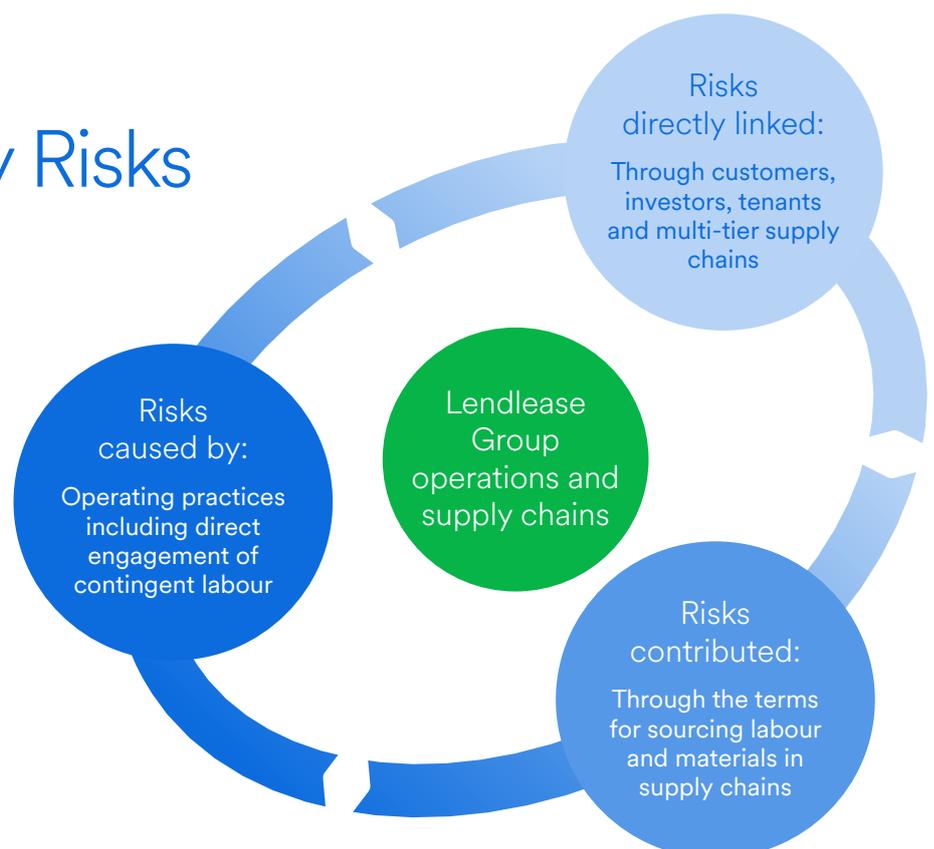


## Understanding Modern Slavery Risks

Understanding of modern slavery risks is informed by Principle 17 of the [UN Guiding Principles](#), which provides a framework for how business can consider potential human rights impacts, including modern slavery.

The Principle categorises impacts in terms of three elements: how a business **causes**, **contributes** and / or is **directly linked to** a modern slavery risk impact. These elements exist on a continuum of conduct, and impacts from these may occur individually or concurrently.

Adoption of this approach is as recommended by the Australian Border Force, as set out in the [Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities](#) (page 40).



# Mapping modern slavery risks

The following table maps the intersections between modern slavery risks and key supply chain risks. It is informed by operational insights and desk top risk analysis from a range of third party sources.

| Risk dimension  | Modern slavery risk concern  | Supply chain risk  |
|---|--|--|
| Indirect labour – supply chain<br> | <ul style="list-style-type: none"> <li>Labour engaged in making materials and products.</li> <li>Sourcing materials from ‘high risk’ geographies, with known regimes of forced labour, child labour, debt bondage practices, conflict minerals.</li> <li>Lack of operational control in multi-tiered manufacturing sub-supply chains for pre-assembly components.</li> <li>Contracted production facilities using contracted labour which may not meet required labour standards in high-risk geographies.</li> </ul>  | Construction materials and office consumables eg. plumbing, electrical, mechanical components, masonry / tiles, sanitaryware, raw materials, soft furnishings / textiles, marketing, merchandising, IT hardware, corporate uniforms and personal protective equipment (PPE), sourced from geographies with elevated human rights risks and/or unscreened suppliers.      |
| Direct labour – contracted<br>   | <ul style="list-style-type: none"> <li>Contractors and trades / sub-contractors engaging labour recruited through labour hire providers.</li> <li>Direct engagement of casual labour / self-employed contractors, without a screening process.</li> </ul>  | Soft services in asset operations: commercial cleaning, security services, landscaping and maintenance.  |
| Transport / logistics<br>        | <ul style="list-style-type: none"> <li>Disruptions to docking, crew changes and sanitation certification for shipping crews (due to COVID-19 movement restrictions).</li> <li>Shift change / overtime arrangements and pay levels for casual workers.</li> </ul>   | (Indirect, through installers and distributors) importation, distribution and delivery of materials for internal finishes and plant, electrical and hydraulic components to site, which may not have been screened by intermediaries for modern slavery risks.   |
| Informal economy<br>             | <ul style="list-style-type: none"> <li>Worker exploitation, excessive hours, undocumented employment / pay arrangements, which can also leave sub-contractors unpaid, when the employer becomes insolvent.</li> </ul>  | Use of third party contracted trades, ad hoc engagement arrangements operating under competitive margins / tight timeframes.<br><br>Reputational risk from smaller tenancies who may engage casual workers under informal arrangements (eg beauty / food / kiosk vendors).   |
| COVID-19<br>                     | <ul style="list-style-type: none"> <li>Health risks – transmission.</li> <li>Increased risk taken by casual workers due to low or no access to paid sick leave and no health insurance, in overseas supply chains.</li> <li>Reduced access to safe and reliable work due to border closures / travel restrictions – exacerbating poverty or significant economic hardship, where no government relief is provided.</li> <li>Urgent high-volume orders – exacerbating risk of unpaid overtime / forced labour conditions.</li> <li>Cancelled orders / workplace shutdowns – loss of income, exacerbating poverty.</li> <li>International travel restrictions preventing on-site labour audits of offshore suppliers.</li> </ul> | Labour rights risks for workers operating high volume urgent production runs of protective / sanitary items – eg PPE / sanitiser consumables.<br><br>Shutdowns and travel restrictions delaying materials deliveries and construction program.<br><br>Tenancies – lockdowns impacting leasing arrangements and job security of small tenant workforce who may be casual. |



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

## Policies, Systems and Processes

As the trustees, LLOITST Limited and LLOITST ST Pty Limited have access to Lendlease's business systems and processes.

During the reporting period, Lendlease continued to increase supply chain transparency with a phased risk-based approach in the following focus areas: mitigation, analytics, processes, audit and engagement.

## Mitigation

### Modern Slavery Risk Mitigation Action Planning

This involves:

1. Analysing and understanding modern slavery risks;
2. Integrating supporting systems, processes, policies and procedures around supply chain risk including modern slavery risks into operations;
3. Risk assessing suppliers e.g. through due diligence / supply chain audit as well as working with suppliers to tackle modern slavery risks; and,
4. Engaging with external stakeholders.

The Funds Management Platform participated in the Australian Modern Slavery Community of Practice (MSCoP) for Development and Investments. The forum's focus has been on implementing and monitoring progress against region-

specific actions cascaded from the broader enterprise level Modern Slavery Risk Mitigation Action Plan. During the next reporting period, a specific Modern Slavery Risk Mitigation Sub-Plan will be developed for the Funds Management Platform.

### Modern Slavery Risk Heatmapping Pilot

A key initiative of Lendlease has been modern slavery risk heatmapping for products and materials using a risk analysis tool developed by Lendlease to 'risk score' key product / supply categories. It is currently in its pilot phase, with a product origin survey exercise being conducted with 32 strategic suppliers, some of whom also supply products and services to One International Towers Sydney Trust. Following review of the pilot, the finalised tool will be accessible to the Funds Management Platform.

### Lendlease Risk Appetite Framework

One International Towers Sydney Trust adopted this framework to apply to its decision making across its assets and operations.

## Analytics

### Supplier Registration and Supply Chain Information Portal

Registration on the Supplier Portal is being progressively implemented as a pre-requisite for suppliers working with the One International Towers Sydney Trust business. The online Portal provides a single point of entry for suppliers to Lendlease, including the Funds Management Platform, and facilitates preliminary modern slavery risk screening.

During the reporting period, suppliers were registered and screened via the Supplier Portal. The information captured via the Supplier Portal contributes to an aggregated view of a supplier's risk profile which is being progressively made accessible to Lendlease employees, including One International Towers Sydney Trust's employees, to better inform procurement decision making.

## Processes

### Lendlease Global Minimum Requirements 2021 Refresh

Lendlease's Global Minimum Requirements (GMRs) is Lendlease's EHS management system that applies across all its operations and to sub-contractors as a contractual requirement. One International Towers Sydney Trust utilises Lendlease's GMRs.





During the reporting period, the GMRs were refreshed to incorporate specific requirements relating to the Supplier Code of Conduct and modern slavery as outlined in the Lendlease Modern Slavery Statement FY21.

#### **Modern Slavery Template Contract Clause**

The inclusion of template modern slavery risk contract clauses into key template supplier contracts are being rolled out progressively and is anticipated to be completed in the next reporting period.

#### **Supplier Code of Conduct**

The Lendlease 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 dimensions of the Principles are applied to One International Towers Sydney Trust'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.

#### **Supply Chain Audit**

##### **Supply Chain Audit Program**

During the reporting period, cleaning and security were prioritised as supply categories with the highest modern slavery risk. One International Towers Sydney Trust was able to leverage Lendlease's FY21 Supply Chain Audit program, which was executed for 10 key suppliers, targeting cleaning, security and business support services.

Refer to the Lendlease Modern Slavery Statement FY21 for further details.

#### **Engagement**

##### **Industry engagement**

Members of the Funds Management Platform have been engaging with the Property Council of Australia Supplier Platform (for modern slavery risk screening) and Cleaning Accountability Framework Commercial Portfolio Working Group.

##### **Training**

Lendlease completed the development of a global modern slavery e-learning training module for its employees. The content includes scenario-based practical examples, based on Lendlease's (including the Funds Management Platform) operations. One International Towers Sydney Trust has access to the training module.

#### **Remediation**

Further work will be undertaken by Lendlease to refine its management approach during FY22. The Funds Management Platform will be a key stakeholder in this process.

##### **Ethics Point**

Ethics Point is Lendlease's global platform for confidentially logging concerns around improper conduct and is accessible on the [Lendlease website](#).

During the reporting period, Lendlease progressed the inclusion of additional fields referable to the supply chain context including a category for labour rights violations.

As part of Lendlease's Funds Management Platform, One International Towers Sydney Trust's employees and suppliers have access to Ethics Point.

During the reporting period, no reports were logged regarding modern slavery or labour rights concerns through Ethics Point relating specifically to One International Towers Sydney Trust operations or direct supply chain.

# Assessing the effectiveness of actions taken

One International Towers Sydney Trust defines the effectiveness of its approach to modern slavery risks through:

**Prevention:** by making supplier risk assessments routine;

**Responsiveness:** by ensuring that the consequence management responses appropriately address modern slavery risk concerns; and,

**Collaboration:** by engaging in open dialogue from a range of stakeholder viewpoints.



## Prevention

During the reporting period, supplier risk assessments became routine. Each supplier was required to register on the Supplier Portal and further due diligence was undertaken where the responses to the questionnaires highlighted areas of concern.

Lendlease's FY21 Supply Chain Audit Program focused on labour practice risks in the cleaning, security and labour hire categories. The key findings were:

- No high risks relating to labour conditions and modern slavery were identified through the audits
- Documented control failures were minor in impact and often inadvertent
- Recommendations for process improvement included suppliers strengthening whistle blower mechanisms and approvals for engaging sub contractors
- Tenant operations is a priority for broadening awareness of modern slavery risks, through focused tenant engagement.



## Responsiveness

During the reporting period, One International Towers Sydney Trust did not record any reports regarding modern slavery or labour rights concerns.



## Collaboration

During the reporting period, One International Towers Sydney Trust continued to engage with industry working groups such as the Property Council of Australia and the Cleaning Accountability Framework, property managers, institutional investors and Lendlease's Modern Slavery Communities of Practice, providing valuable insights and knowledge exchange to promote positive change and further targeted action.



# Consultation process in preparing this Modern Slavery Statement

In preparing this Statement, the trustees and property managers 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.

Representatives of One International Towers Sydney Trusts have also participated in Lendlease's Australian Modern Slavery Communities of Practice for Development and Investment entities, which has cross-functional representation across Lendlease in Australia that includes One International Towers Sydney Trusts' operations and entities.

The Communities of Practice aims to meet monthly to consider local modern slavery risks in respective operations and supply chains. Representatives include sustainability, supply chain, risk, legal, and operations functions from Lendlease's construction, investment, development and infrastructure businesses. Refer to pages 26 and 27 of the Lendlease Group Modern Slavery Statement FY21 for further details.

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

The Board approves the Statement.

# Other relevant information

LLOITST was recognised as one of the world's most sustainable real estate funds in the 2021 Sustainability Benchmark (GRESB) Real Estate Assessment, achieving third place in the Australia Office Sector (high-rise core)<sup>1</sup> and seventh globally. GRESB is a well regarded benchmark for ESG performance disclosure for real estate owners, asset managers and developers.

Material indicators relating to modern slavery include policies on social issues such as child labour and human rights as well as labour standards and working conditions. Social risk assessments also form part of the material indicators.

LLOITST maintains strong outcomes in both environmental and social performance within GRESB. In 2021, 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.



<sup>1</sup>. GRESB provides an independent and globally consistent standard of measuring ESG outcomes in real estate. Participation in GRESB continues to grow every year. In 2021, there were 1,520 entities that participated, covering nearly 117,000 properties, and representing US\$5.7 trillion in global assets under management.

This Statement is made pursuant to section 14 of the *Modern Slavery Act 2018* (Cth). Development of this Statement has been considered by the Boards of Directors of Lendlease IMT (OITST) Limited and Lendlease IMT (OITST ST) Pty Limited.

This Statement has been approved by the Board of Directors of Lendlease IMT (OITST) Limited on behalf of LLOITST and the Board of Directors of Lendlease IMT (OITST ST) Pty Limited on behalf of LLOITST Sub-Trust, who will review and update it as necessary.

### Lendlease IMT (OITST) Limited

Signed:   
Name: Barry McWilliams  
Position: Chairman  
Date: 17 December 2021

### Lendlease IMT (OITST ST) Pty Limited

Signed:   
Name: Barry McWilliams  
Position: Chairman  
Date: 17 December 2021

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