



2019 Modern Slavery Statement

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Reporting entity and consultation

This statement is made pursuant to s 16(1) of the *Modern Slavery Act 2018* (Cth), and describes the work undertaken by Sekisui House Australia to identify, assess and address modern slavery in our operations, investments and supply chains during the calendar year 2019, and the effectiveness of those actions.

This statement is prepared by Sekisui House Australia Holdings Pty Ltd with support from an external advisor, which covers the following reporting entity: Sekisui House Australia Holdings Pty Ltd (“SHAH”)

Appendix A sets out a full list of the entities owned and controlled by SHAH.

SHAH is an unincorporated joint venture (UJV) partner with Frasers Property Limited for the Central Park Development and an UJV partner with Payce Consolidated Pty Ltd for the Melrose Park, Bayswater, EMT and Ferry Wharf Terminal Developments. Refer to Appendix A for a full list of the entities that are owned and controlled by these joint ventures.

This statement was prepared by Sekisui House, with input from stakeholders across the business with responsibility for relevant aspects of this statement and owned and controlled entities. Direct consultation with our joint venture partners did not take place in the reporting period.

This statement was reviewed and approved by the Board of Sekisui House Australia on 29 June 2022.

Hirotohi Katayama

Executive Director

Our structure, operations and supply chains

The Reporting entity covered by this Statement is Sekisui House Australia Holdings Pty. Ltd. (“SHAH”). SHAH is an Australian entity, operating under its immediate and ultimate parent entity Sekisui House, Ltd. (“SHL”). SHAH is an established leading property developer and home builder in Australia.

SHL was founded in Japan in 1960, and has built over two millions homes worldwide. Sekisui House is one of the fastest growing community developers in Australia.

At the highest level, SHAH is a developer and home and/or apartment builder. Our business is structured around two build to sell options for our customers in Australia:

1. **Residential Communities and Home Building:** oversight of NSW and QLD Residential Communities and Home Building divisions. This business unit oversees development activities including the acquisition of land, receiving council approval, undertaking necessary civil works and design and construction of residential buildings. Other functions, such as sourcing materials and manufacturing, are also undertaken internally by the business unit. Construction activities, although managed and overseen by the business unit, are outsourced to contractors.
2. **Apartment Developments:** oversight of multiple apartment development projects including Melrose Park, Sanctuary, The Orchards, Ripley Town Centre, West Village and Coolum. Management of key Apartments Developments activities, such as design, capital works, sourcing, construction and maintenance are outsourced to contractors.

Our **Corporate** function has oversight of Capital and Investment, Human Resources, Information and Communications Technology, Administration, Finance/Accounting and Corporate Marketing to support the two home building business units. Corporate functions are mostly managed internally. However, several functions including marketing and sales are outsourced to third parties.

Figure 1 below sets out our corporate activities, at a high level, with an indication of which activities we undertake internally, and those that we do not manage internally.

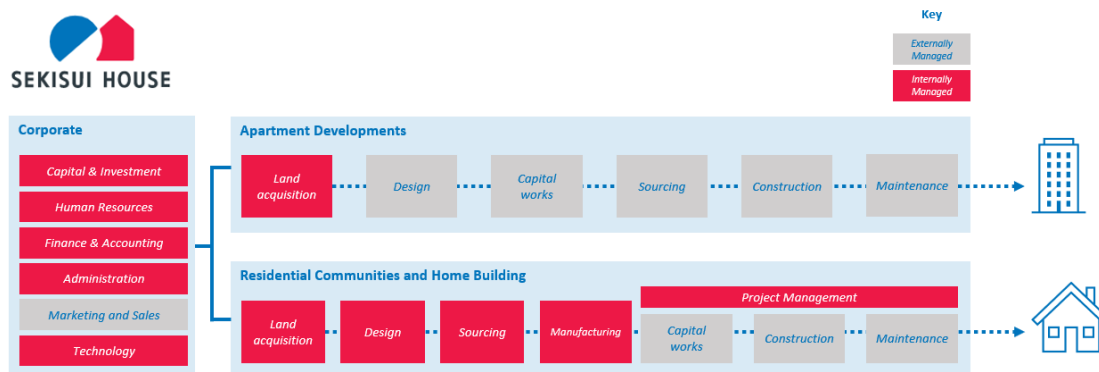


Figure 1. Sekisui House Value Chain

We have a robust and clearly defined corporate governance structure. Our Executive Team, which includes our Executive Director and Chief Financial Officer (CFO) and General Manager and is led by our Group CEO and Managing Director, have ultimate responsibility approving this Statement and implementing the commitments we make. Our Development Directors are responsible for Group sourcing decisions, including identifying, assessing and remediating any potential instances of human rights violations.

Our workforce consists of a range of specialised individuals who operate within professional services, manufacturing (at SHAH factories), capital investments for purchasing land and developments, surveying and skilled trades. However, the majority of our direct workforce are professionals with less than 10 employees working in our manufacturing facilities. A proportion of our employees were transferred from our parent entity SHL in Japan. All employees are based in Australia. For some specialised roles, such as sales and marketing, external agents based in Australia are utilised.

In 2019, SHAH employed 197 people, of whom 84% worked full time equivalent. The remaining employees are either employed on a part time or contractual basis. Table 1 sets out the employee breakdown for the reporting period.

Table 1: Breakdown of SHAH workforce

Employment type	Number	% of total workforce
Full Time	167	84.77%
Part Time	23	11.68%
Contract	7	3.55%
Total	197	100%

Suppliers

In 2019, we directly engaged approximately 9,500 suppliers for a range of goods and services. The majority of these suppliers by spend were for materials and services in relation to our apartment and home building business units. The majority of our expenditure with suppliers is for products and services procured in Australia. This includes expenditure on Australian services such as labour resources to support construction and capital works projects across our Home Building and Apartment Developments divisions, specialised professional resources supporting in the design, marketing and sales of our developments, cleaning and security services for our Corporate offices, and maintenance services primarily for our Apartment Developments division. We also procure a range of our manufacturing goods from Australian suppliers such as concrete, masonry and plasterboards.

We source certain construction materials from foreign countries for a number of reasons, such as quality and consumer demand for a particular style of product. Examples of materials sourced from overseas suppliers include wood and timber from Finland, tiles and laminates from China, bathroom fixtures and fittings from China and Turkey, benchtops from Italy, and cladding and doors from Japan.

Modern Slavery Risks in our Operations and Supply Chains

Operations and Supply Chain Risk Identification and Assessment

We have not yet undertaken a comprehensive modern slavery risk assessment. However, based on internal discussions and consultation with external advisors, we have identified a number of areas within our business that may present a higher risk of modern slavery. We consider the risk of modern slavery to be highest in our supply chain, both via labour we source to enable the development of our homes and apartments, and procurement of certain materials, in particular construction materials. Examples of possible risks to modern slavery within our priority procurement categories are detailed below:

- **Construction partners:** direct procurement of construction services where contractors may have restricted freedoms and experience instances of modern slavery such as forced labour or overtime hours. However, given we have control of our direct construction labour hire, this risk is inherently reduced.

- **Cleaning and security services:** the maintenance and cleaning and security sectors have a high inherent risk of modern slavery, with particular issues relating to migrant labour, underpayment and working overtime.
- **Specialised professional resources (design and marketing / sales):** There is typically a lower inherent risk of modern slavery within specialised professional services such as design, marketing and sales. These services are all procured within Australia, further reducing the inherent risk of these procurement categories.
- **Material products (tiles, laminates, bathroom fixtures, benchtops):** Our procurement of tiles, laminates, bathroom fixtures and benchtops products come predominantly from China, Turkey and Italy. There is inherently higher risk of modern slavery within both Turkey and China, and there have been well-documented instances of human rights violations in recent years.
- **Material products (other):** we source a range of other materials from overseas suppliers such as timber from Finland and external cladding and doors from Japan. Whilst we acknowledge that certain materials may have higher inherent risk of modern slavery, given the source countries have an inherently lower risk to modern slavery and/or the nature of our longstanding supplier relationships, we consider these to be medium-to-lower risk.

Our approach to Managing Modern Slavery Risks

Policies, Commitment and Governance

We are committed to protecting human rights and fulfill this responsibility by practising “love of humanity”, which is a fundamental principle for our corporate philosophy. We strive to uphold the principles outlined in our **Code of Conduct** (“Code”), to provide fair and equal employment opportunity within our operations. We also follow principles to ensure appropriate conduct towards suppliers is maintained, such as impartial selection of capable suppliers, selection of appropriate contract types and upholding compliance with laws, regulations and contractual obligations.

Our on-site operations are governed by a diverse team that includes project managers, licensed construction supervisors and internal Quality Assurance team members. We take a proactive and open approach to managing our on-site operations. Any potential issues such as potential WHS breaches, poor quality standards and employment concerns, including instances of human rights violations, can be directly reported to on-site supervisors.

In 2018, we established a **Procurement & Purchasing WHS&E Manual** in 2018 to maintain a system for the purchasing and/or hiring of any materials, equipment, plant and products by SHAH. This Policy provides guidelines to ensure the introduction of sourced materials and equipment does not adversely affect the health, safety and environment of SHAH employees. While we currently don’t have specific modern slavery controls in place, we have broader corporate controls which support in the management of our human rights risks. All Corporate procurement above a relatively small spend threshold is approved at the Chief Financial Officer (CFO) level. Further, our Procurement and Estimating team are responsible for ensuring we achieve the best outcomes in terms of both price and quality when sourcing goods and services. We ensure procurement is undertaken in a fair and equitable way, guided by our Home Building Procurement Policy and Code of Conduct principles of impartial selection, maximum use of competition, selection of appropriate contract types and compliance with laws, regulations and contractual obligations.

Modern Slavery Due Diligence

To date, we don’t have policies or defined approaches in place to perform modern slavery due diligence in our operations or supply chains. We have not yet undertaken a comprehensive modern slavery risk assessment.

In our operations, given the generally low risk nature of our direct employees, we consider our policies and process an effective control or the risk of modern slavery.

In our supply chain, we do not have processes in place to consider modern slavery risks in our sourcing of goods or services. There are a number of informal controls in place to mitigate the risks of modern slavery in our supply chain, including:



- sourcing from Australian suppliers for many of our building materials
- sourcing via longstanding relationships with offshore suppliers, and having insights from those suppliers into the working conditions on the ground
- overseeing workplace health and safety for our homebuilding business, including inducting all contractors and sub-contractors onto site
- having stringent quality control processes in place for all construction materials
- having all corporate spend above \$5000 reviewed and approved by the CFO

Remediation

SHAH is committed to the highest standards of openness, probity and accountability. We don't have in place a formal modern slavery grievance handling process, but we have existing mechanisms for employees to raise issues within the business, built on transparency and accessibility. Employees can make anonymous reports to the relevant Authorised Disclosure Officers. Internal employees can also raise personal work-related grievances by following the processes outlined in the Grievances and Complaints Policy located on the *EmployeeConnect* service.

Assessing the effectiveness of our actions

We are in the initial stages of establishing a modern slavery due diligence approach. We have not yet put in place processes to measure the effectiveness of our approach to assessing and addressing modern slavery on an ongoing basis.

Appendix A: Owned and controlled entities

Owned and controlled entities: Sekisui House Australia Holdings Pty Ltd

Sekisui House Australia Pty Ltd	Henlia No. 9 Pty Ltd	SH Central Park Investment West Pty Ltd
SHD Services Pty Ltd ATF SHDS Unit Trust	Henlia No. 10 Pty Ltd	SH Central Park Investment East Pty Ltd
SHA Finance Pty Ltd	Henlia No. 13 Pty Ltd (Lot 179, Lot 180)	SH Central Park Development West Pty Ltd
Sekisui House Mast (NSW) Pty Ltd	Boove 5 Pty Ltd	SH Central Park Development East Pty Ltd
Sekisui House Mast (QLD) Pty Ltd	Boove 4 Pty Ltd ATF Boove 4 Unit Trust (Lot 3, Lot 5, Lot 192, Lot 195)	SH WE HILLS INV Pty Ltd
Sekisui House Realty (NSW) Pty Ltd	Ripley Town Holdings Pty Ltd (Lot 510, Lot 182, Lot 183, Lot 184)	Sekisui House West Village Retail Pty Ltd
Sekisui House Realty (QLD) Pty Ltd	SH Homebush St Tropez Pty Ltd ATF SH Homebush St Tropez Unit Trust (Lot 24)	SH WE HILLS DEV Pty Ltd
Sekisui House Construction (Australia) Pty Ltd	Henlia No. 2 Pty Ltd	SH WEST END Pty Ltd
Sekisui House Services (QLD) Pty Ltd	Homebush St Tropez Pty Ltd (Nominee)	SH Camden Valley Pty Ltd. ATF SH Camden Valley Unit Trust (Lot 1, Lot 2)
Sekisui House Services (NSW) Pty Ltd	SH HB Finance No. 2 Pty Ltd	SH Camden Lakeside Pty Ltd ATF SH Camden Lakeside Unit Trust (Lot 4)
Sekisui House Services (VIC) Pty Ltd	SH HB Finance No. 1 Pty Ltd	SH Camden Scenic Pty Limited ATF SH Camden Scenic Unit Trust
Sekisui House Services (SA) Pty Ltd	SH Homebush Peninsula Pty Ltd ATF SH Homebush Peninsula Unit Trust (Lot 9)	SH Camden Finance No. 2 Pty Ltd
DEVUS Pty Ltd. ATF THE DEVUS Unit Trust	Henlia No. 11 Pty Ltd	SH Camden Finance No. 1 Pty Ltd
SH Hill Road Investment Pty Ltd	Homebush Peninsula Pty Ltd (Nominee)	SH Coolum Residences Pty Ltd
SH Hill Road Development Pty Ltd	SH Homebush Alora Pty Ltd ATF SH Homebush Alora Unit Trust (Lot 21)	SH Coolum Pty Ltd
SH Orchards Pty Ltd	Henlia No. 17 Pty Ltd	SH Coolum Western Pty Ltd
SH Baywater Investment Pty Ltd	Homebush Alora Pty Ltd (Nominee)	SH FWT Investment Pty Ltd
SH EMT East Investment Pty Ltd	SH EMT West Investment Pty Ltd	SH Melrose Investment 1 Pty Ltd SH Melrose Investment 2 Pty Ltd

UJV entities owned and operated by SHAH

SH Central Park Development West Pty Ltd	SH Melrose Development 2 Pty Ltd	SH Melrose Development 1 Pty Ltd
SH Baywater Development Pty Limited	SH FWT Development Pty Limited	SH EMT West Development Pty Ltd
Central Park Development East Pty Ltd	SH EMT East Development Pty Ltd	