

# Modern Slavery Statement

30 June 2021



# About this Statement

Our Modern Slavery Statement (**Statement**) is published in accordance with the Modern Slavery Act 2018 (**Act**).

This Statement comprises the consolidation of Stockland Corporation Limited (ACN 000 181 733) and its controlled entities and Stockland Trust (ARSN 092 897 348) and its controlled entities (collectively referred to as 'Stockland' 'Group') listed in detail in **Stockland's Annual Report**. It acts as the policy framework including governance, risk assessment, due diligence and remediation for all Stockland entities and their business activities.

In preparing this Statement, we actively engaged and consulted with all the relevant business units and entities which form part of the broader Stockland Group and are controlled by Stockland Corporation Limited and Stockland Trust. This was undertaken through the Stockland Working Group (Working Group) collaborating with the business units and entities to provide an overview of the Modern Slavery Act 2018's reporting requirements and providing information regarding the actions we intend to take to address these requirements including relevant materials and updates. Further details around the process adopted is provided throughout this Statement.

This Statement has been prepared by Stockland's Modern Slavery Working Group and endorsed by Stockland's Board.

The Modern Slavery Statement forms part of our overall Corporate Reporting Suite. The suite includes our Annual Report, Investor Presentation, ESG Reporting Suite and Corporate Governance Statement. More information on our business and how we operate can be found in our Annual Report.

## Modern Slavery Act Reporting Criteria

Criterion	Page
Identify the reporting entity	<u>2</u>
Describe the process of consultation with any entities that the reporting entity owns or controls and in the case of a reporting entity covered by a statement under a joint Modern Slavery Statement – the entity giving the Statement	<u>2</u>
Describe the structure, operations and supply chains of the reporting entity	<u>4</u>
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities that the reporting entity owns or controls	<u>11</u>
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	<u>12</u>
Describe how the reporting entity assesses the effectiveness of such actions	<u>16</u>
Any other information that the reporting entity considers relevant	<u>17</u>

# From our Chairman and Managing Director & CEO

Dear stakeholders,

At Stockland, we are led by our purpose ‘we believe there is a better way to live’. This is more than simple rhetoric; it is the lens through which we shape all aspects of our business activities and how we engage with our stakeholders.

It is important that our customers, residents, tenants and investors feel confident that the places where they live, work, shop and invest are safe and responsible environments.

The places we create and manage should not only improve the lives of our customers, but also contribute positively to all our stakeholders, including those who develop, operate and invest in our assets.

We have been committed to the improvement of the rights and wellbeing of people across our operations for many years through our focus on employee engagement and responsible supply chain management.

More broadly, we strongly believe that any violation of a person’s basic human rights is unacceptable. Behaviour that is in breach of the law or which is non-compliant with our corporate policies is not tolerated and we expect our employees and suppliers to operate in a manner which is consistent with our values and standards.

Modern slavery is a global issue and we understand our responsibility to prevent, mitigate and remediate, the risks of human trafficking, forced, bonded and child labour and to respect human rights in our operations and our supply chain.

Our ultimate goal is to help eradicate modern slavery by working with our industry, suppliers and partners and by continuing to be open and transparent about our progress, we will achieve this goal together.

This is Stockland's second Modern Slavery Statement and we welcome the opportunity to report the steps that we are taking to eradicate any modern slavery risk from our business.

In FY21, we made good progress increasing the modern slavery awareness of all Stockland employees by mandating training. We also continued to work in partnership with our suppliers to increase transparency across areas such as sub-contracting and building material traceability.

Importantly we saw improvement in the modern slavery understanding, training and risk awareness of our suppliers categorised as high risk.

Our active commercial cleaning and security contractor audit program continues to play an important role in maintaining safe and fair workplaces. We remain committed to delivering the most effective responses to prevent and remediate any negative impact on human rights.

Thank you to our employees for their ongoing vigilance and to our suppliers for their cooperation and partnership as we continue on this important path together.



**Tom Pockett**

Chairman

19 August 2021

**Tarun Gupta**

Managing Director & CEO

19 August 2021

# Our FY21 key actions



## Risk assessment

Extended nation-wide audit of cleaning and security contractors within our operations

Read more on [page 10](#)



## Collaboration

Partnered with key suppliers to develop good practice building material assessments

Read more on [page 10](#)



## Policy

'What Stockland expects from its Suppliers' policy embedded in new enterprise systems

Read more on [page 9](#)



## Effectiveness

Improvement opportunities identified for both Stockland and contractors as part of third party audits

Read more on [page 13](#)



## Due diligence

100% of Category A (high risk, high spend) suppliers assessed

Read more on [page 13](#)



## Engagement

Over 500 suppliers engaged on modern slavery risk

Read more on [page 13](#)



## Education

Bespoke Stockland modern slavery awareness mandatory e-learning module for all employees

Read more on [page 5](#)

# About Stockland

## 'We believe there is a better way to live'

At Stockland, we are driven by our purpose – ‘we believe there is a better way to live’. We are committed to conducting business across our value chain with integrity, to high standards of ethical behaviour, and in line with our values of community, accountability, respect and excellence (CARE).

In accordance with these values, and the UN Guiding Principles on Business and Human Rights, we are committed to respecting and promoting human rights consistent with the International Bill of Rights and the eight fundamental Conventions of the International Labour Organisation.

We have been a signatory to the UN Global Compact (**UNGC**) since May 2015, supporting the 10 principles of the UNGC on human rights, labour, environment and anti-corruption, and participants of the UNGC Modern Slavery Community of Practice. We also support the United Nations Sustainable Development Goals including ‘Goal 8 – decent work and economic growth’ which includes the commitment to work to eradicate the many forms of modern slavery that exist.

## Our structure and operations

Stockland is one of the largest diversified real estate groups in Australia, with \$14.8 billion of real estate assets as at 30 June 2021.

Established in 1952 and headquartered in Sydney, we operate wholly within Australia. We are a listed company on the Australian Securities Exchange, structured as a stapled security, a combination of a unit in Stockland Trust and a share in Stockland Corporation Limited.

We own, manage and develop Retail Town Centres, Workplace and Logistic assets, and Residential, Retirement Living and Land Lease communities. We create and support thriving communities and workplaces that enable a better way to live.

### Stockland portfolio

Trust \$9.9bn <sup>1</sup>			Corporation \$4.4bn <sup>2,3</sup>		
Retail Town Centres	Workplace	Logistics	Residential	Retirement Living	Land Lease
38% portfolio weighting <sup>4</sup>	7% portfolio weighting <sup>4</sup>	25% portfolio weighting <sup>4</sup>	22% portfolio weighting <sup>4</sup>	8% portfolio weighting <sup>4</sup>	0% portfolio weighting <sup>4</sup>
25 assets	4 assets	27 assets	Over 75,000 lots remaining	59 established villages	2 land lease communities

1. Excludes WIP and sundry properties of \$0.4bn.
2. Includes Residential book value of \$3.2bn and Retirement Living book value of \$1.1bn.
3. Includes one retail asset of \$0.1bn which is held by the Corporation.
4. Includes WIP and sundry properties of \$0.4bn.

## Our workforce

We have a workforce of over 1,600 people across Australia with a median age of 40 years old. The cultural background of close to 59 per cent of our workforce is Australian, 15 per cent European, 13 per cent Asian with 13 per cent from other cultural backgrounds including Aboriginal and Torres Strait Islander, Maori and New Zealand, Middle Eastern, and South African. A detailed breakdown of our workforce is available in our [ESG Data Pack](#).

Stockland employees  
**over 1,600**

Employment status at 30 June 2021	Employees
Full time	1,314
<ul style="list-style-type: none"> <li>Permanent<sup>1</sup></li> </ul>	1,222
<ul style="list-style-type: none"> <li>Fixed term<sup>2</sup></li> </ul>	285
Part time	297
<ul style="list-style-type: none"> <li>Permanent</li> </ul>	285
<ul style="list-style-type: none"> <li>Fixed term</li> </ul>	12
Casual <sup>3</sup>	29
<b>Total Stockland headcount</b>	<b>1,640</b>
Temporary or vendor workforce operating in or part of the business <sup>4</sup>	417

- 1 Permanent employees are employed by Stockland on a full time (38 hours per week) or part time basis (less than 38 hours per week).
- 2 Fixed term employees are employed by Stockland for a fixed term (their employment has an agreed end date).
- 3 Casual employees are paid on an hourly basis.
- 4 Includes temporary, vendor and Stockland Support Services recorded in internal systems. Does not include third party asset operations and development contractors such as cleaners or security personnel.

## Case study | Modern Slavery Awareness e-Learning

To help manage the risk and increase awareness of this important issue, Stockland developed a bespoke, in-house modern slavery e-Learning module. The module is compulsory for all employees to help foster positive change towards this issue more broadly.

The module identifies risk indicators of modern slavery using practical scenarios relevant to Stockland’s industry sector, products and services. The scenarios demonstrate how Stockland can potentially **cause, contribute to,** or be **directly linked** to modern slavery through its extensive operations and supply chains. In addition, the training details our governance arrangements, including the various escalation and reporting channels for suspected breaches so that incidents, once identified, are directed to the appropriate people who can address them.

As the issue of modern slavery impacts everyone, from the food we consume to the goods we purchase, the module also outlines some of the ways our employees can personally reduce their modern slavery footprint through ethical and sustainable sourcing practices.

**What is Stockland doing to manage this risk?**

Having corporate governance is at the core of how we conduct business with integrity and meet the expectations of our stakeholders.

Our [Code of Conduct](#) reiterates how we expect our employees, directors, contractors and consultants to conduct business in a way that promotes and respects human rights.

Guiding our approach to modern slavery is our [other Stockland Directs from its Supplier Policy](#). This details our commitment to responsible procurement and the expectations of our suppliers and their supply chain to operate in a manner consistent with Stockland’s values and objectives. The policy states our expectation that our suppliers implement appropriate labour policies across their organisation, including eliminating all forms of modern slavery.

We have communicated this policy to our suppliers and as part of our new CSR system, suppliers will be required to acknowledge this policy as part of the supplier on-boarding process.

Click + to learn more.

**What to do if you suspect modern slavery may be present in our supply chain**

A key aspect to managing our risk at Stockland is to help ensure the markets, areas that we do business in, are directed to the appropriate people and processes, and if needed, steps are implemented to prevent a re-occurrence.

- If you become aware of a potential breach of a law, regulation or obligation under a contract, you must raise this with your Line Manager as per Stockland’s [Question Policy](#).
- In addition, Stockland has a [Whistleblowing Policy](#), which encourages employees and external stakeholders to report any improper conduct they encounter. All complaints are investigated in a fair and objective manner, including the involvement of external parties where appropriate.
- Stockland employees who wish to report improper conduct anonymously can do so via the [Toll-free](#) online form available via Stockland’s intranet.

Click + to continue.

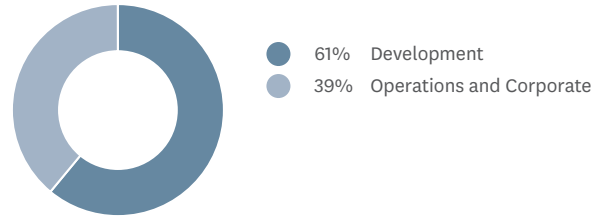
# Our supply chain

In FY21, we procured over \$1.7 billion of goods and services from 3,806 direct suppliers. Our diverse range of suppliers includes building contractors (civil and built form), design consultants, information technology, cleaning, security and waste service providers.

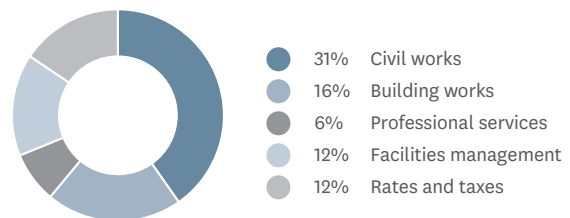
Overall, direct procurement associated with the development of our assets accounts for over 60 per cent of annual spend, with the remaining spend on operational procurement (such as building services and management) and corporate procurement (such as office supplies and travel). Our development spend is predominately procured from Australian suppliers.

Our suppliers have their own complex and diverse supply chains that can extend beyond Australian borders. This includes having many suppliers of materials or services who in turn rely on many more suppliers, both domestic and international. It is this extended supply chain that has been identified as one of our highest risk areas for modern slavery.

## Annual spend break down



## Top five spend categories



### Procured goods and services

\$1.7bn

### Direct suppliers

3,806

# Governance

## Governance structure

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Stockland’s Board has responsibility for establishing a framework of risk management across Stockland. The Risk Committee assists the Board in its responsibilities relating to:

- assessing the effectiveness of Stockland’s overall risk management framework
- supporting a prudent and risk aware approach to business decisions across Stockland.

The Risk Committee reviews a wide range of matters relating to non-financial risks, including Stockland’s human rights related risks and those concerning modern slavery. The Risk Committee is chaired by an independent non-executive director and meets at least four times per year.

On 17 April 2019, we established a Modern Slavery Working Group (**Working Group**) to develop and implement our modern slavery strategy, manage our various initiatives and ongoing priorities relating to effectively identifying and managing modern slavery risks and due diligence activities (including managing our reporting obligation).

Co-chaired by the General Manager of Group Project Management and National Operations and the Group Risk Officer, the Working Group meets eight times per year and includes representatives from across the business including Sustainability, Legal, People and Culture, Risk, Project Management and Operations.





# Policy and management framework

Strong corporate governance is at the core of how we conduct business with integrity and meet the expectations of stakeholders. Our **Corporate Governance Statement** details our approach to achieving and demonstrating high standards of corporate governance and accountability for our actions. Our **Code Of Conduct** further reiterates how we expect our employees and directors to conduct business in a way that promotes and respects human rights.

Guiding our approach to modern slavery is our **What Stockland Expects from its Suppliers Policy**. This details our commitment to responsible procurement and our expectation that our suppliers and their supply chains operate in a manner consistent with Stockland's values and objectives and relevant legislation. The policy states our expectation that our suppliers and their supply chain implement appropriate labour policies across their organisations, including eliminating all forms of modern slavery. We have communicated this policy to our suppliers and as part of a new enterprise system launch in August 2020 our suppliers are now required to confirm they have read, understood and comply with this policy as part of the supplier on-boarding process. Key supporting policies and guidelines include but are not limited to:

- **Human Rights Policy**
- **Whistleblower Policy**
- **Supply Chain Management Approach**
- **Fraud, Bribery and Corruption Policy**
- **What Stockland Expects from its Partners Guideline.**

## WHISTLEBLOWING AT STOCKLAND

Stockland encourages employees and external stakeholders to report any improper conduct they encounter. All complaints are investigated in a fair and objective manner, including the involvement of external parties where appropriate.

Stockland employees or external stakeholders who wish to report improper conduct anonymously can do so via the **'Tell Me'** online form or via Stockland's external and independent whistleblowing service provider (details are provided in the **Whistleblower Policy**).

## Supply chain management

Due to the inherently complex nature of property development, the large number of suppliers involved, and the diverse services, materials and equipment required to deliver large-scale developments, we apply our project life cycle process for development projects (D-Life), which covers the development life cycle from concept to completion.

D-Life identifies specific gates with critical control points, requiring approval before proceeding to the next phase of the project life cycle, enabling compliance and reducing risk. In addition, we set minimum sustainability, environmental and social requirements of our suppliers during the tender and project delivery processes. In FY21, we also introduced a new Modern Slavery contract clause.

## Contracts - new Modern Slavery contract clause

Our policies are supported by our Modern Slavery legal precedent clause, which is included in all new Stockland contracts. It states that suppliers must ensure:

- they comply with all applicable Modern Slavery laws and any other laws relating to anti-slavery and human trafficking; and that
- no supplier or any member of its personnel has engaged in, or will engage in, Modern Slavery.

Suppliers must also represent that they have:

- thoroughly investigated their labour practices to ensure there is no Modern Slavery use anywhere in their operations or supply chain
- put in place all necessary processes, policies, procedures, investigations and compliance systems (including training)
- taken, and will take in the future, all necessary actions and investigations to validate these findings.

We also include audit rights within our contracts with suppliers which include the right to audit a supplier's direct subcontractors.

# Risk management and due diligence

## Risk assessment

In July 2018, we engaged an external consultant to conduct a Group-wide human rights issues review to better understand the potential challenges facing our business. This review identified our supply chain as having the highest potential for human rights risk, highlighting the need to understand the sourcing practices of our suppliers, to identify high risk products and geographies, and the intersection between the two.

Further to this, in July 2019 we conducted a modern slavery risk assessment to identify the areas within our development, operational and corporate supply chains that are at greatest risk of modern slavery. The assessment divided our spend into 45 procurement categories which were then screened for five social risk categories: labour rights and decent work, health and safety, human rights, governance, and community infrastructure to determine 'high risk' procurement categories.

These risks were obtained from the Social Hotspot Database which indicates the likelihood of an issue occurring in different industries and countries. Within these social risk categories are impacts relating to modern slavery such as: child labour, forced labour, excessive working time, safe working conditions, exploitation of migrant labour and general human rights and governance.

Modern slavery risks are assessed in relation to Stockland's potential to:

- *cause* - operations directly result in modern slavery
- *contribute to* - operations and/or actions may contribute to modern slavery, or
- be *directly linked to* - operations, products or services maybe connected to modern slavery through activities of another entity.

Potential ways Stockland may cause, contribute to, or be directly linked through our operations and supply chain :

Corporate procurement	Operations	Direct procurement (relating to creating and maintaining our assets)
<i>Directly linked to:</i> Labour conditions and child labour in the supply chain of manufactured goods, such as electronic equipment, paper and motorised vehicles.	<i>Contribute to:</i> Underpayment and exploitation of migrants working for cleaning and security service subcontractors.	<i>Directly linked to:</i> Labour conditions, forced, bonded or child labour in the supply chain of building products such as solar panels.

This risk review was coupled with a literature review to identify evidence of modern slavery occurring in Australian supply chains, which included a variety of public sources such as news articles, findings from Senate hearings and topical reports published by various advocacy and research organisations.

We are increasing our risk knowledge and awareness through our participation in the UNGC Modern Slavery Community of Practice, attending webinars and reviewing reports on risks associated with the property and construction industry as well as products and services within our supply chain.

The outcomes of the Social Hotspot Database and the literature review provided the baseline risk data required to categorise our suppliers into four priority assessment groups. This categorisation has enabled us to prioritise our focus and response to our suppliers on the basis of the highest likelihood of modern slavery (risk), and our ability to influence and have an impact (spend).

## Supplier categorisation

Priority group	Share of spend	No. of suppliers	Definition	Examples
<b>Category A</b>	18%	29	High risk, high spend	Built form construction/maintenance contracts >\$5 million, cleaning
<b>Category B*</b>	11%	965	High risk, low spend	Built form construction/ maintenance contracts < \$5 million, security, IT electronics (e.g. computers and phones), marketing goods (e.g. promotion merchandise), catering
<b>Category C</b>	35%	267	High spend, low risk	Civil construction contracts
<b>Category D</b>	37%	2,545	Low spend, low risk	All remaining suppliers

\*Due to the high volume of Category B suppliers (965) our FY21 PCA Assessment targeted repeat suppliers with spend more than \$10,000 (494).

We are committed to providing access to remedy through effective grievance mechanisms and will seek remediation where we identify that we have caused or contributed

to modern slavery. We are also building our awareness of modern slavery risk with our suppliers during the design and delivery process to improve our awareness of potential modern slavery risks that may be directly linked to building materials (see our Macquarie Park Redevelopment case study).

## CASE STUDY

# Macquarie Park Redevelopment Risk Assessment

Collaboration with our suppliers is a fundamental part of identifying, assessing and addressing modern slavery. In 2020, Stockland, Action Sustainability and FDC, a large construction and building services company, partnered to assess and manage human rights risks for our Macquarie Park redevelopment project in Sydney.

The project sought to:

- identify high risk suppliers across all construction materials and labour used on the project; and
- develop a fit for purpose supplier engagement strategy to manage those risks during the project and beyond.

The first stage of the project involved developing a project risk assessment tool. This used risk factors such as geographical location, industry profile and buyer and supplier practices to assign a risk profile to each work package and project trade. These findings formed the basis of a prioritisation process, which allowed project

teams to select ten high-priority suppliers (Tier 2 Stockland suppliers) to strategically engage.

This approach to assessing human rights risk helped us better understand the extent to which our suppliers understand modern slavery and its various complexities. Importantly, we realised that most of our suppliers could be grouped into one of two 'preparedness' categories – those that are 'getting started' and those that are 'advanced'.

Accordingly, we have identified the following opportunities:

1. Tailored training sessions for 'suppliers getting started' – this would help these groups understand the importance of human rights due diligence, the risk factors most prevalent in their line of work, and the external resources that can be used to support their ongoing management of these risks.
2. Supply chain mapping project with 'advanced suppliers' – Stockland and its contractors can work more closely with these suppliers on identifying the origin of high-risk materials and refining their management strategies to help improve their overall response.

By including construction materials in the scope of our detailed assessments, we have increased our awareness of high-risk products and enhanced our overall risk management framework.



# Due diligence and remediation

In collaboration with the Property Council of Australia (PCA), industry experts and 14 other PCA member groups, we developed a property industry modern slavery supplier assessment tool, providing a consistent method for participants to conduct modern slavery risk assessments (Assessment). The Assessment allows suppliers to provide their response to all clients on the same platform, increasing transparency and efficiency by eliminating the need to provide data to multiple clients in varying formats. The Assessment considers aspects such as supplier risk areas, policies and procedures, training and supplier engagement.

The Assessment tool asks suppliers to complete pertinent questions on modern slavery. We have continued to focus on those questions regarding awareness of modern slavery and the scope of policies regarding supply chain transparency and modern slavery and subcontracting activities. This helps us establish a baseline for our due diligence and improve our understanding of how we can support our suppliers and encourage continuous improvement.

In FY21, we assessed all of our Category A suppliers. Pleasingly, these higher risk suppliers improved their awareness and action across all key question areas. Additionally, all of these suppliers have demonstrated an understanding and awareness of modern slavery and the majority have increased employee training.

The most significant improvement for our Category A suppliers was their awareness of subcontracting or use of third party contractors within their supply chain. The majority of these suppliers have done or are planning to do a modern slavery risk assessment within the next 12 months.

We also extended our assessment to our Category B suppliers, excluding one-off suppliers and those with a spend below \$10,000. Close to half of these targeted suppliers responded to the Assessment. Within this group we found that while our Category B suppliers have a relatively high understanding of the Modern Slavery Act and the modern slavery issues there is an opportunity to engage with these suppliers to encourage risk assessments, improve awareness of subcontracting practices, and assist them with access to training and resources.

Where potential issues are identified, we work and engage with the supplier to learn more about the issue and implement mitigation and monitoring strategies through corrective action plans. Termination of a supplier contract will be considered in instances where suppliers do not meet minimum requirements of their corrective action plan or are otherwise unwilling to work with us to improve their performance despite all reasonable measures being taken.

The ongoing COVID-19 pandemic continues to have a devastating human and economic impact across the world. In June 2020, we conducted an assessment of where and how the pandemic may increase the vulnerability of workers within our operations and supply chain to modern slavery. The assessment indicated that suppliers within the cleaning industry may have significant exposure to increased modern slavery risks as a result of COVID-19.

# CLEANING AND SECURITY CONTRACTOR RISK ASSESSMENTS

Cleaning and security contractors play an important role in making our Retail Town Centres, Workplaces, Logistics centres and Retirement Living villages safe, desirable and enjoyable places.

These contractors represent Stockland’s largest operational contractor spend. Across our assets we have over 350 cleaners and close to 200 security personnel working to keep our Retail Town Centres, Logistics centres, Workplaces and Retirement Living villages clean, safe and secure.

The commercial cleaning and security industries continue to be recognised as high-risk for modern slavery in Australia. This is driven mainly by the complexity of their contracting relationships and the nature of their work, which is relatively low-skilled, low-wage and labour-intensive.

It is also possible that the ongoing impacts of the COVID-19 pandemic are making them more susceptible to risk, due to an increased demand for cleaning services and the need for security personnel to enforce social distancing between customers at our assets; both of which could translate to longer working hours and other health and safety risks.

In response to the heightened risk, we continue to adapt our procurement and specialised due diligence with a third party assessor to understand if contractors are meeting our expectations around the fair treatment of their employees.

## Procurement

As detailed in the policy and management chapter, Stockland has a comprehensive procurement prequalification and assessment process. This includes assessing proven occupational health and safety systems and financial viability. Tender assessments are weighted to achieve a balance of cost, time and capability. For cleaning contractors in particular, tenders are assessed using on-site and historical knowledge regarding appropriate time allowance to complete jobs which can result in mispriced tenders being eliminated from consideration.

## Modern slavery and human rights risk assessment program

We commenced the first phase of our modern slavery and human rights assessment program in FY20. This involved a comprehensive assessment of selected cleaning contractors across the Retail Town Centre, Retirement Living, and Workplace and Logistics portfolio.

The purpose of the assessment program is to obtain an understanding of the suppliers’ individual and collective risk profile, against known high risk areas from prior assessments and identify improvement opportunities.

In FY21 we undertook follow-up assessments on a select number of contractors, conducted a nation-wide assessment of additional cleaning contractors, and extended our program to security contractors across our Retail Town Centre, Workplace and Logistics portfolio.

The purpose of our FY21 follow-up assessments was to measure progress made from the initial assessment, identify whether issues have been remedied, as well as whether any high-risk areas remain or if these were being mitigated.

The risk assessment program involves the completion of the Property Council of Australia (PCA) Self-Assessment tool and a selection of supporting questions that we developed in collaboration with our industry consultants. The program focuses on contractors and assesses the following elements:

Modern slavery and human rights	Labour compliance	Workplace health and safety
<ul style="list-style-type: none"> <li>• Modern slavery</li> <li>• Freedom of association</li> <li>• Whistleblowing</li> <li>• Fair treatment and non-discrimination</li> <li>• Reporting and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Right to work</li> <li>• Third-party and subcontractor practices</li> <li>• Payroll management</li> <li>• Working conditions</li> <li>• Fraud</li> <li>• Diversity and inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Policies practices</li> <li>• Proactive measures</li> <li>• Reactive measures</li> <li>• Wellbeing and mental health</li> </ul>

The outcomes from this self-assessment formed the basis of one-on-one discussions with the contractors, which were then validated through independent site visits at Stockland assets. This enabled us to compare feedback from our contractors against direct evidence ‘on-the ground’.

The key phases of the program include:

1. Desktop pre-assessments and questionnaire	2. Enhanced data testing and on-site supplier assessment	3. Stockland site visits and engagement with asset-based personnel (Stockland and contractors)
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## Impact of COVID-19

Given the increase in inherent risk factors as a result of COVID-19, in FY21 we posed additional questions to contractors on the impact of the pandemic on their business, their ways of working and any effect on the management of modern slavery risks.

Broadly, we observed that due to the nature of the respective industries, cleaning in particular, COVID-19 had a moderate impact on their business activities and a minimal impact on their ability to monitor staff and manage modern slavery risks as the service was deemed 'essential' during restriction periods.

## Measuring effectiveness

Observations from our initial assessment in FY20 demonstrated evidence of progress being made to identify and manage modern slavery risk factors. Our assessments identified that a number of contractors had areas to focus on in relation to issues that relate to modern slavery such as grievance management, wage award compliance and appropriate payroll management.

Our reassessment of contractors in FY21 found that there were generally higher levels of progress in the design and implementation of modern slavery programs among organisations with reporting obligations under the Commonwealth Modern Slavery Act.

However, there remain opportunities for our contractors to improve ongoing governance and risk assessments, workforce awareness of modern slavery and grievance mechanisms, and oversight of internal and subcontractor payroll arrangements.

Key findings from this process are often specific to each site, where contractor policies and processes could be implemented in different ways, as opposed to identifying issues with broader company practices. For this reason, Stockland's asset-based employees and contractors shared particularly meaningful insights during site visits, as they were best placed to raise relationship-based concerns with regards to personnel management and working conditions.

## Remediation

Our asset-based employees are critical stakeholders in the process of identifying human rights risks and implementing the actions needed to remedy them. Whilst we have provided feedback to our contractors on completion of each assessment, we will continue to discuss improvement opportunities and in some cases corrective action plans where issues have been identified.

Our enhanced level of due diligence plays an important role in our commitment to deliver safe and fair workplaces. We expect it will continue to provide important insights as we extend the reach of our supplier engagement.

## Solar supply chain

In May 2021, we became aware of a report from Sheffield University highlighting vulnerability of the global solar supply chain to forced labour in, and connected to the Xinjiang Uyghur Autonomous Region (XUAR) and more recently the United States' ban on certain solar panel materials from the region. We have taken steps to better understand the issue by engaging directly with our solar suppliers.

Our engagement included our supplier of large scale commercial rooftop solar and suppliers of residential solar packages. Suppliers were asked to complete the PCA Self-Assessment followed by direct discussions on processes and steps taken to mitigate modern slavery risks.

We will continue to monitor and engage with our suppliers as more information becomes available and materials traceability improves.



# Assessing effectiveness

We are responsible for the continuous improvement of our processes and actions taken to address modern slavery risks within all tiers of our supply chain, acknowledging this is an on-going process. The ways in which we measure effectiveness are listed below. Insights gathered from these measures inform our Modern Slavery strategy and the scope of work for the Modern Slavery Working Group.

## Governance

- regularly reviewing our modern slavery approach conducted within the Modern Slavery Working Group reporting to the Stockland Leadership Team, Risk Committee and Board
- training team members on the Modern Slavery Act and associated risks
- requesting and monitoring feedback after supplier and employee training sessions
- contracts with modern slavery provisions.

## Risk management

- monitoring the number and range of suppliers who have been issued and have completed the assessment, the corrective action plans implemented, and actions completed
- year-on-year improvements in Category A awareness and modern slavery plans and action
- regularly engaging with suppliers beyond initial assessment via the PCA Self-Assessment, to identify points of improvement within the process and track awareness levels
- year-on-year improvement in cleaning and security contractors as a result of audits

## Grievance mechanisms

- monitoring frequency and trends of whistleblowing channels. During FY21, we did not identify any potential modern slavery risks from the incidents raised via our whistleblowing channels.

## ONGOING ENGAGEMENT AND FEEDBACK

We continue to be an active member of the United Nations Global Compact Modern Slavery Community of Practice the purpose of which is:

- to discuss the most pressing challenges and obstacles facing Australian business with respect to managing and communicating modern slavery risks and implementing the Commonwealth Modern Slavery Act and to discuss good practice in responding to these challenges, and
- to help provide a business perspective, as appropriate, to related external discussions, including for example Modern Slavery Statements and collective input to any consultation around government guidance for the reporting requirement.

We also seek feedback on our modern slavery strategy and progress from industry bodies and research and stakeholder groups, including the Australian Centre for Corporate Responsibility.



# Future priorities

We are committed to engaging with internal and external stakeholders and experts to continuously evolve our response to modern slavery. Our future priorities include:



All suppliers required to formally acknowledge or reconfirm acknowledgement of 'What Stockland Expects of its Suppliers' policy



Annual assessment of all Category A and active Category B suppliers with repeat business



Strengthen modern slavery-related processes for frontline employees engaging with cleaning and security contractors, including the promotion of grievance mechanisms



Continue to identify trends across our supplier base to develop collaborative improvement opportunities



Continue to engage with cleaning and security contractors on improvement opportunities



Implement tailored training sessions on future projects for 'suppliers getting started' and supply chain mapping with 'advanced suppliers'



Work with industry experts, civil society (including the UNGC) and peers to develop a robust, collective strategy towards remediating modern slavery risks within supply chains

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