

Embedding a Risk Based Approach

Modern Slavery Statement

Australian Prime
Property Fund
Commercial

Financial Year ending 2021





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Acknowledgement of Country

As an owner of assets on land across 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 (Statement) is made by Australian Prime Property Fund Commercial (APPF Commercial) for the Financial Year ending 30 June 2021.

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

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

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

LLREIL, as responsible entity of APPF Commercial, provides the conduit for the Fund accessing and using the policies, procedures, systems and processes of Lendlease, including all activities for assessing and addressing modern slavery risks in its supply chains and operations. This Statement therefore cross references the [Lendlease Group Modern Slavery Statement FY21](#).





Identifying the reporting entities

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

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

Entities controlled by APPF Commercial

Lendlease (Melbourne Quarter-C1) Pty Ltd

Lendlease (Daramu House) HeadCo Pty Ltd

APPF Commercial Finance Pty Limited

Australian Commercial International Towers Sydney Investment Trust

Woods Trust

Roma Street Trust

Melbourne Quarter C1 Trust

APPFC Victoria Cross Trust

La Trobe Street Head Trust

La Trobe Street Trust

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

The registered office of APPF Commercial is:

Level 14, Tower Three, International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000

This Statement is for the financial year ending 30 June 2021.

APPF Commercial is a core wholesale unlisted property trust. It comprises a high-quality portfolio of 20 predominantly premium and A Grade assets covering a total of 740,200 square metres of net lettable area.¹

Structure, operations and supply chains

Structure

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

Operations

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

APPF Commercial treat ESG factors as an integral part of the fiduciary and stewardship responsibilities of



Lendlease has an investment arm which includes wholesale funds in commercial, retail and industrial assets.

\$5.6b²
premium commercial property portfolio across Australia FY2021¹

managing the portfolio and has had a Responsible Property Investment strategy in place since 2009.

APPF Commercial believes that in its fiduciary and stewardship roles as a fund manager, ESG factors form an integral part of its property portfolios.

It is through this ESG lens that APPF Commercial embarks on human rights considerations in its supply chains and operations, and this will be progressed in subsequent reporting periods.



As a wholly owned subsidiary of Lendlease, LLREIL has access to and uses the policies, systems, processes and procedures of Lendlease for assessing and addressing modern slavery risks in APPF Commercial's operations and supply chains.

Lendlease (Melbourne Quarter-C1) Pty Ltd

Lendlease (Daramu House) HeadCo Pty Ltd

APPF Commercial Finance Pty Limited

Australian Commercial International Towers Sydney Investment Trust

Woods Trust

Roma Street Trust

Melbourne Quarter C1 Trust

APPFC Victoria Cross Trust

La Trobe Street Head Trust

La Trobe Street Trust



International Towers Sydney, Barangaroo



Darling Quarter, Sydney



Two Melbourne Quarter, Melbourne



1 Farrer Place, Sydney



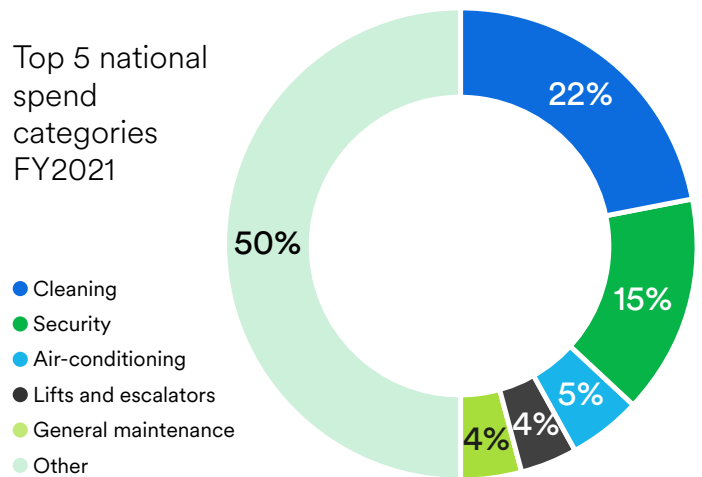
Supply chains

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

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

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

Top 5 national spend categories FY2021



Impact of COVID-19

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

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 APPF Commercial's most significant risk across its operations.

The Fund comprehensively responds to these risks across all direct operations through Lendlease's Group Policy on Health and Safety, and the Lendlease Global Minimum Requirements.

All suppliers and their supply chains are required to observe these policies.

The health and safety expectations are also conveyed in the Lendlease Supplier Code of Conduct.

Representatives from APPF Commercial participate in the Property Council of Australia's National Sustainability Round Table 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.

APPF Commercial is committed to taking action to address modern slavery risks as detailed in the next section.

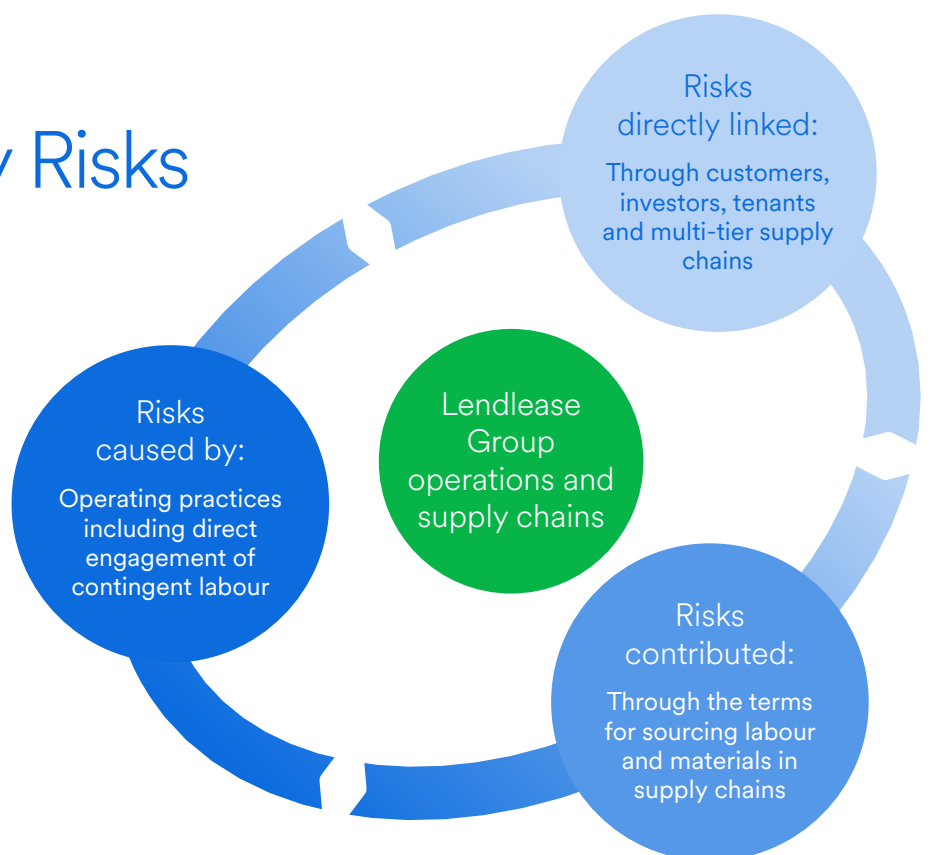


Understanding Modern Slavery Risks

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 	<ul style="list-style-type: none"> Labour engaged in making materials and products. Sourcing materials from 'high risk' geographies, with known regimes of forced labour, child labour, debt bondage practices, conflict minerals. Lack of operational control in multi-tiered manufacturing sub-supply chains for pre-assembly components. Contracted production facilities using contracted labour which may not meet required labour standards in high-risk geographies. 	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 PPE, sourced from geographies with elevated human rights risks and/or unscreened suppliers.
Direct labour – contracted 	<ul style="list-style-type: none"> Contractors and trades / sub-contractors engaging labour recruited through labour hire providers. Direct engagement of casual labour / self-employed contractors, without a screening process. 	Soft services in asset operations: commercial cleaning, security services, landscaping and maintenance.
Transport / logistics 	<ul style="list-style-type: none"> Disruptions to docking, crew changes and sanitation certification for shipping crews (due to COVID-19 movement restrictions). Shift change / overtime arrangements and pay levels for casual workers. 	(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 	<ul style="list-style-type: none"> Worker exploitation, excessive hours, undocumented employment / pay arrangements, which can also leave sub-contractors left unpaid, when the employer becomes insolvent. 	Use of third party contracted trades, ad hoc engagement arrangements operating under competitive margins / tight timeframes. Reputational risk from smaller tenancies who may engage casual workers under informal arrangements (eg beauty / food / kiosk vendors).
COVID-19 	<ul style="list-style-type: none"> Health risks – transmission. Increased risk taken by casual workers due to low or no access to paid sick leave and no health insurance, in overseas supply chains. 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. Urgent high-volume orders – exacerbating risk of unpaid overtime / forced labour conditions. Cancelled orders / workplace shutdowns – loss of income, exacerbating poverty. International travel restrictions preventing on-site labour audits of offshore suppliers. 	Labour rights risks for workers operating high volume urgent production runs of protective / sanitary items – eg PPE / sanitiser consumables. Shutdowns and travel restrictions delaying materials deliveries and construction program. 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

LLREIL, the responsible entity of APPF Commercial, and LLPMA as property manager, 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 APPF Commercial. Following review of the pilot, the finalised tool will be accessible to the Funds Management Platform.

Lendlease Risk Appetite Framework

APPF Commercial 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 APPF Commercial 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 APPF Commercial'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. APPF Commercial utilises Lendlease's GMRs. During the reporting period, the GMRs were refreshed to incorporate specific requirements relating to Lendlease's 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

Implementation of the Supplier Code of Conduct also continued during FY21, in conjunction with the rollout of the new Supplier Portal.

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 APPF Commercial’s operations and supply chain.

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

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. APPF Commercial 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. APPF Commercial 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, APPF Commercial’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 Australian Prime Property Fund Commercial’s operations or direct supply chain.

Assessing the effectiveness of actions taken

APPF Commercial 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, APPF Commercial did not record any reports regarding modern slavery or labour rights concerns.



Collaboration

During the reporting period, APPF Commercial 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, fund managers 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.

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

The Community of Practice aims to meet monthly to consider local

modern slavery risks in respective business unit operations and supply chains. Representatives include sustainability, supply chain, risk, legal, and operations functions from Lendlease's construction, investment and development businesses. Refer to 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 LLREIL Board approves the Statement.

Other relevant information

APPF Commercial was again recognised as one of the world's most sustainable real estate funds in the 2021 GRESB Real Estate Assessment achieving second in Australia high rise core office sector, and globally.¹ GRESB (Global Real Estate Sustainability Benchmark) is a well regarded benchmark for ESG performance disclosure for real estate owners, asset managers and developers. Material indicators include policies on social issues such as human rights and labour standards / working conditions. It also includes social risk assessments, including child labour, forced or compulsory labour, human rights as well as labour standards and working conditions.

The Fund holds investments in the International Towers Sydney assets at Barangaroo South via Lendlease International Towers Sydney Trust and Lendlease One International Towers Sydney Trust, which achieved first and third place respectively for the Australia Office Sector (high-rise core).

APPF Commercial 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.

1. 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 13 of the *Modern Slavery Act 2018* (Cth). Development of this Statement has been considered by the Board of Directors.

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

Signed: 

Director name: Scott Mosely

Date:¹ 9 December 2021

Level 14, Tower Three
International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000
www.lendlease.com

