

Embedding a Risk Based Approach

Modern Slavery Statement

Australian Prime
Property Fund Retail

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 Retail (APPF Retail) for Financial Year ending 30 June 2021.

APPF Retail is a core wholesale unlisted property trust. It was established in 1989 and invests predominantly in prime direct retail properties across Australia with an investor base comprised of institutional investors.

APPF Retail forms part of the Australian 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 Retail, 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.

APPF Retail's property manager, Lendlease Property Management (Australia) Pty Limited (LLPMA), is also a wholly owned subsidiary of Lendlease, and as such, uses these policies, systems and processes.

This Statement therefore cross references the [Lendlease Group Modern Slavery Statement FY21](#).





Identifying the reporting entities

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

This Statement was prepared by LLREIL on behalf of APPF Retail and covers the entities listed in the table below, being entities which APPF Retail controls. None of these entities are themselves reporting entities.

[Entities controlled by APPF Retail](#)

Lendlease Retail Benefits Pty Ltd

SMRPF Pty Ltd

APPF Retail Finance Pty Limited

Harbour Town Gold Coast Trust

SMRP Fund

SGIL Cairns Trust

CMS General Trust

CMS Property Trust

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

The registered office of APPF Retail 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 Retail's property portfolio comprise of 9 predominantly major-regional shopping centres (Retail Centres) in New South Wales, Victoria, Queensland and Western Australia, and approximately 2,308 tenants.¹

Structure, operations and supply chains

Structure

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

Operations

APPF Retail's operations involve the acquisition, management, leasing, administration and disposal of retail 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 a property manager.

APPF Retail strives to be recognised as a leader in delivering environmental, social and governance (ESG) outcomes



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

\$3.8b²
retail assets
across Australia¹

in the Australian unlisted property sector and has had a Responsible Property Investment strategy in place since 2009.

The management team for APPF Retail treat ESG factors as an integral part of the fiduciary and stewardship responsibilities of managing the portfolio. It is through this ESG lens that APPF Retail 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 Retail’s operations and supply chains.

Lendlease Retail Benefits Pty Ltd

SMRPF Pty Ltd

APPF Retail Finance Pty Limited

Harbour Town Gold Coast Trust

SMRP Fund

SGIL Cairns Trust

CMS General Trust

CMS Property Trust



Craigieburn Central, VIC



Lakeside Joondalup, WA



Macarthur Square, NSW



Sunshine Plaza, QLD

². Westfield Carindale is managed externally. At Harbour Town Gold Coast, LLPMA is engaged to provide leasing and lease administration services, whilst an external property manager is engaged to provide property management services.

Supply chains



APPF Retail's property assets are managed by Lendlease Property Management (Australia) Pty Limited (LLPMA), which is a wholly owned subsidiary of Lendlease.¹

Management of Retail Centres

LLREIL, as responsible entity, has entered into a separate Property Management Agreement (PMA) with LLPMA for each of the Retail Centres.¹ Pursuant to each PMA, LLPMA manages, amongst other things, procurement, repairs and maintenance as well as providing leasing services. Typically LLPMA 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.

As LLPMA is a wholly owned subsidiary of Lendlease, it is aligned with and uses Lendlease's policies to identify and mitigate against modern slavery risks. Further details can be found in [Lendlease Group's Modern Slavery Statement FY21](#).

APPF Retail's top three supply chain categories by annual spend during the reporting period were cleaning and waste, repairs and maintenance followed by electricity, air-conditioning and security.²

1. Westfield Carindale is managed externally. At Harbour Town Gold Coast, LLPMA is engaged to provide leasing and lease administration services, whilst an external property manager is engaged to provide property management services. 2. Excludes management fees.

Impact of COVID-19

APPF Retail continues to prioritise the health and wellbeing of all who interact with them.

Generally, APPF Retail’s supply chains remained resilient during the reporting period and existing supply chain relationships were maintained. APPF Retail focussed foremost on upholding Lendlease’s commitment to safety for employees and customers.

Management will closely monitor the performance and sustainability of all retailers business to ensure that vacancy risk is reduced and retailers emerge with viable operations post the COVID-19 crisis.

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 FY21](#).





Modern slavery risks in operations and supply chains

The COVID-19 pandemic has reinforced health and safety risk as APPF Retail's most significant risk across its operations.

APPF Retail comprehensively responds to these risks across all its direct operations through Lendlease's Group Policy on Health and Safety and the Lendlease Global Minimum Requirements Framework. All suppliers and their supply chains are required to observe these policies.

The Health and Safety expectations are also conveyed in Lendlease's Supplier Code of Conduct.

Representatives from APPF Retail participate in the Property Council of Australia's National Sustainability

Round Table and initiatives such as 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, specifically calling out cleaning and security contracts.

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

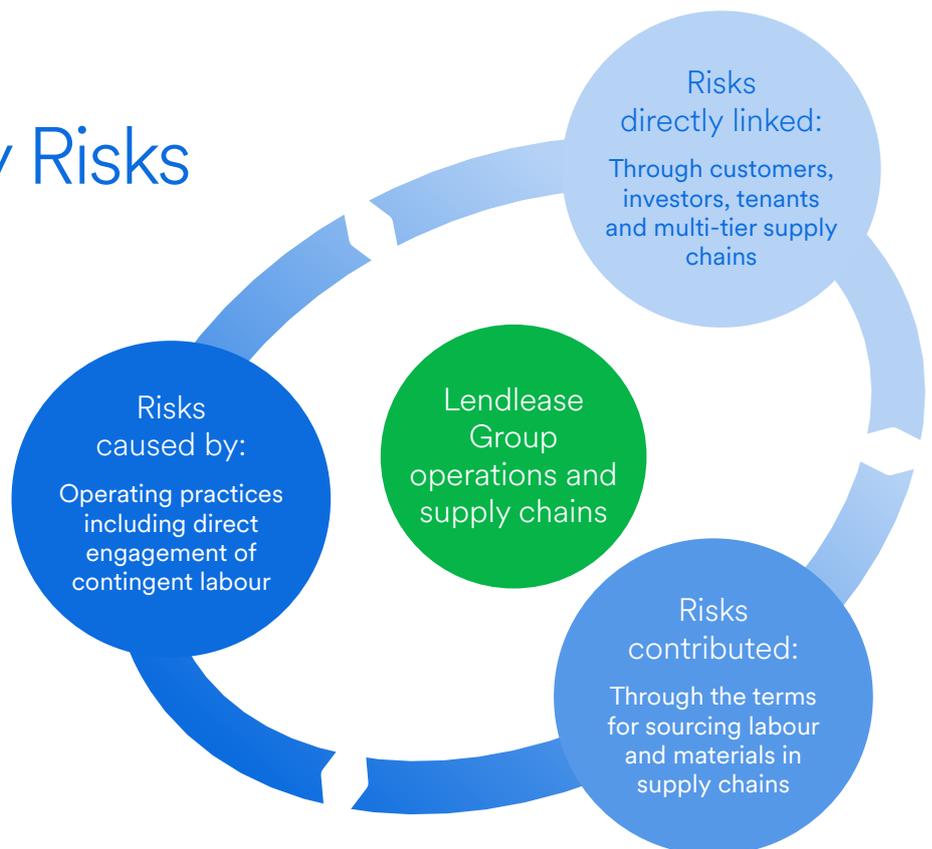


Understanding Modern Slavery Risks

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 personal protective equipment (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 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 Retail, 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 Retail. Following review of the pilot, the finalised tool will be accessible to the Funds Management Platform.

Lendlease Risk Appetite Framework

APPF Retail 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 Retail 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 Retail'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 Retail 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 clauses into pro forma lease documents for each of the Centres



across Australia managed by LLPMA was completed in July 2021. 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 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 Retail’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

Audit Program

During the reporting period, cleaning and security were prioritised as APPF Retail’s supply categories with the highest modern slavery risk. It was able to leverage Lendlease Group’s FY21 Supply Chain Audit program, which was executed for 10 key suppliers, targeting cleaning, security and business support services.

Refer to the [Lendlease Group 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 Retail has access to the training module.

Awareness training in Australia was delivered to approximately 70 employees across APPF Retail’s centres across Australia during the reporting period.

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. No reports were logged regarding modern slavery or labour rights concerns through Ethics Point.

As part of Lendlease’s Funds Management Platform, APPF Retail’s employees and suppliers has access to Ethics Point.

Assessing the effectiveness of actions taken

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



Collaboration

During the reporting period, APPF Retail 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 Retail 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 Retail’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 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 LLREIL Board approves the Statement.

Other relevant information

APPF Retail was recognised as one of the world's most sustainable real estate funds in the 2021 Sustainability Benchmark (GRESB) Real Estate Assessment, achieving first place in the Australia Retail Sector, and seventh globally.¹ GRESB is a well regarded benchmark for ESG performance disclosure for real estate owners, asset managers and developers.

Relevant 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. Special risk assessments also form part of the material indicators.

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).

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

Signed: 

Director name: Scott Mosely

Date: 19 December 2021

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International Towers Sydney
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Barangaroo NSW 2000
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