



# Modern Slavery Statement

2021



## About this statement

This statement has been made on behalf of Summerset Group Holdings Limited, ACN 59 164 228 399 (*Summerset*) and is made pursuant to the *Modern Slavery Act 2018* (Cth) in respect of Summerset and all entities owned or controlled by Summerset for the year 1 January 2021 to 31 December 2021.

This statement was approved by the board of Summerset on 27 April 2022.



Mark Verbiest

**Chair**

27 April 2022

## Message from the Chair and Chief Executive Officer

Welcome to Summerset's modern slavery statement for the 12 months ended 31 December 2021. This statement covers a year where the Covid-19 pandemic has continued to impact the business, yet also a year of significant achievements for Summerset, including in delivering on Summerset's commitment to being socially responsible.

People are the heart of Summerset, and Summerset demonstrates this by doing lots of great things in its workplaces and communities. As part of this, Summerset has an ongoing plan to actively identify and work to eliminate all forms of modern slavery in its supply chain. Summerset is dedicated to continuous improvement in this area, and has continued to build on the foundations set out in its first statement.



Mark Verbiest

**Chair**



Scott Scoullar

**Chief Executive Officer**

“Bringing the best of life” to residents  
is at the core of what Summerset does





## BRINGING THE BEST OF LIFE



### GROWTH

We look for expansion opportunities in New Zealand and Australia that deliver competitive returns for our shareholders.



### OUR PEOPLE

We want to create a great place to work, where our people can thrive.



### OUR CUSTOMERS

We continue to improve and enhance our offering to residents.



### WELLBEING



### INNOVATION



### SUSTAINABILITY

For more information about the Summerset group, see Summerset's annual report<sup>1</sup> and website<sup>2</sup>.

<sup>1</sup> <https://www.summerset.co.nz/investor-centre/reports-and-presentations/>

<sup>2</sup> <https://www.summerset.co.nz/>

## **MANDATORY CRITERIA ONE AND TWO:**

### Summerset

#### **Reporting entity**

The reporting entity is Summerset Group Holdings Limited, ACN 59 164 228 399. Its New Zealand and Australian subsidiaries either do not carry on business in Australia, or do not meet the revenue threshold, to separately qualify as reporting entities.

#### **Structure**

Summerset is an NZX and ASX listed company with a market capitalisation of over NZD\$2.6 billion, and has grown to be one of New Zealand's leading and fastest growing retirement village operators.

The listed entity is Summerset Group Holdings Limited, publicly traded on the NZX (being the company's primary exchange) under ticker quote SUM, and on the ASX (as a foreign exempt listing) under SNZ. Summerset Holdings Limited is wholly owned by Summerset Group Holdings Limited, and is the holding company for the New Zealand operational entities. The Australian holding company is Summerset Holdings (Australia) Pty Limited, which is wholly owned by Summerset Holdings Limited.

#### **Operations**

Summerset's business spans development, design and construction, through to running retirement villages and care centres, providing a continuum of care from independent and assisted living options to aged care.

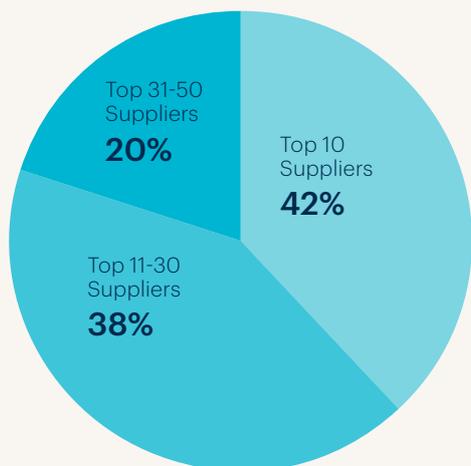
Summerset has 36 villages (either completed or in development) and owns a further 10 sites for future villages. This includes 5 Australian sites for future villages, as Summerset continues to expand its business into Victoria, Australia.

"Bringing the best of life" to residents is at the core of what Summerset does. Summerset's community is made up of more than 6,900 residents in over 4,900 retirement units and over 1,000 care units across its retirement village sites.

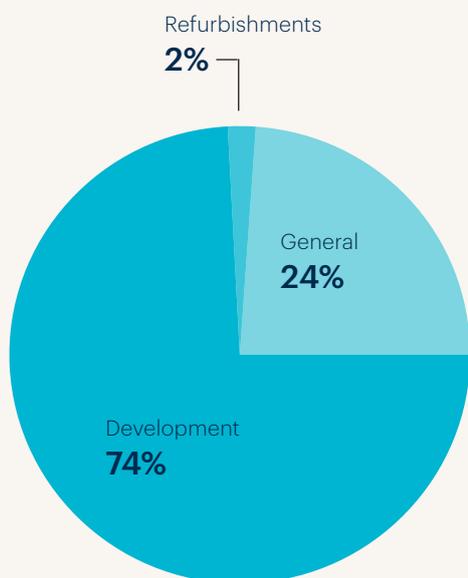
Summerset has a land bank of over 5,400 retirement units and over 1,200 care units for future development in New Zealand and Australia. In 2021, Summerset built 671 new units, making Summerset one of the top residential builders in New Zealand. Construction is also underway with the first of Summerset's 5 Australian retirement village sites. Summerset's development and construction teams continue to grow Summerset's portfolio of high-quality comprehensive care retirement villages with amenities and facilities designed for New Zealand and Australian retirees.

Summerset employs over 2,100 staff members across the office and retirement village sites in New Zealand and Australia. Summerset strives to create a great place to work, where people can thrive.

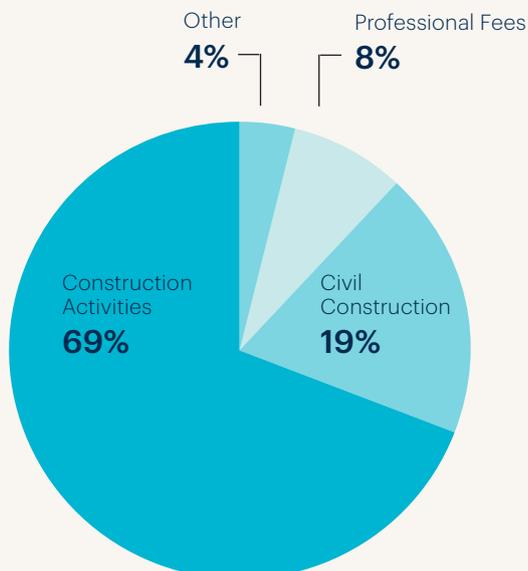
## Spend by Top 50 Suppliers



## Spent by Activity



## Spend by Construction activities



## Supply chain

Summerset relies on its suppliers and contractors to help Summerset bring the best of life to its residents.

Summerset has a procurement function that manages whole of Summerset contracts for the provision of specific goods or services commonly used within the Summerset group's construction activities: this covers a range of high value contracts. This construction procurement function covers a substantial proportion of supplier spend across the Summerset group, and is complemented by distributed on-site management of day to day materials supply and local purchasing within other operational divisions.

Summerset prefers to develop longer term partnerships with its suppliers and contractors. Competitive tender processes are used to evaluate alternatives and to monitor the market and potential suppliers and contractors. Summerset expects its suppliers and contractors to comply with Summerset's standards and expectations, including on modern slavery. This expectation is supported by a Supplier Code of Conduct, which references remediation of modern slavery risks, alongside other procurement goals.

Summerset's supply chain is extensive and diverse. In the 12 months ending 31 December 2021, Summerset spent approximately NZD\$393 million with more than 3,000 suppliers. The top 50 suppliers supported 53% of Summerset's total spend in 2021.

## The most significant expenditure in Summerset's supply chain is within the following major categories:

- construction of villages and care centres;
- refurbishment of villages and care centres;
- ongoing maintenance to villages and care centres;
- operations including food services, medical supplies, consumables and support equipment;
- business administration including professional services, consultancy, IT, insurance, and head office support.

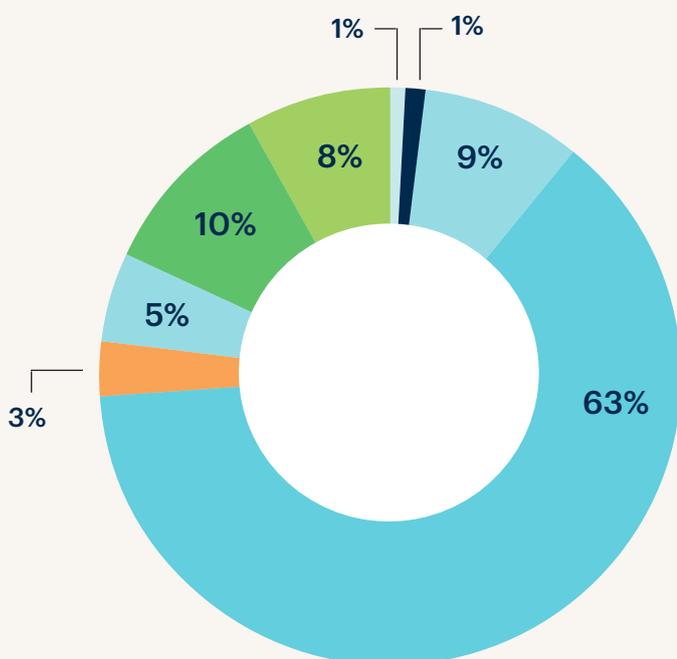
Summerset has an extensive development and construction programme across New Zealand and Australia, delivering 671 retirement and care units in the 2021 financial year. The spend on development activities across both New Zealand and Australia continues to be Summerset's largest category of expenditure, making up 74% (NZD\$290 million) of our Summerset's spend in 2021, with refurbishments and ongoing maintenance to existing villages and care centres making up a further 2% of expenditure. A further breakdown of construction spend is shown on the page on the left.

The nature of Summerset's other more general expenditure is described further in the below pie graph. Over 63% of Summerset's categorised spend is with suppliers that support the

construction of villages around New Zealand, with 10% of suppliers remaining uncategorised. Under Summerset's general operations expenditure, the purchase of medical services and consumables makes up 1% of total spend, with food services making up 2% of total spend.

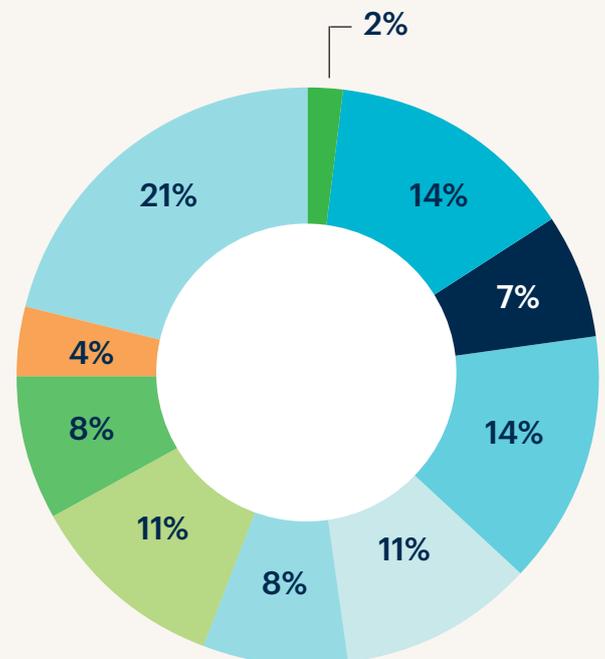
Tier 1 suppliers to Summerset are principally based locally in New Zealand and Australia. In total, 98% of spend is on the New Zealand operations, and the remaining 2% on the Australian expansion. The development of broadacre villages throughout New Zealand has meant Summerset's spend is spread around the regions, and is split between consultants, civil construction activities, construction labour and materials.

Spend by Supplier Category



- Professional services
- Utilities
- Corporate
- Development
- ICT
- Council
- Not Categorised
- Operations

Spend by Region



- Melbourne
- Auckland
- Bay of Plenty
- Canterbury
- Hawkes Bay
- Northland
- Taranaki
- Tasman
- Waikato
- Wellington



Artist's impression of Summerset Prebbleton village, Canterbury

## MANDATORY CRITERION THREE:

### Identifying modern slavery risks

Summerset has continued to identify modern slavery risks over four categories: business structure risk; geographic risk; sector and industry risk; and product and services risk.

#### Business structure risks of modern slavery

Summerset's procurement function provides visibility into Tier 1 suppliers (suppliers directly contracted by Summerset). Summerset has more limited visibility into upstream parts of the supply chain. Gaining greater transparency over the upstream aspects of the supply chain continues to be an identified area for improvement.

#### Geographic risks of modern slavery

Summerset operates in New Zealand and Australia.

The 2018 Global Slavery Index developed by Walk Free estimates the proportions of the population of New Zealand and Australia living in modern slavery as 0.64/1,000 and 0.65/1,000 respectively. New Zealand and Australia are also top scoring countries on the Corruption Perceptions Index 2021 produced by Transparency International; ranked 1st and 18th respectively. Overall, New Zealand and Australia have a relatively low risk of modern slavery.

Against that background, Summerset Group employs over 2,100 staff, working across New Zealand and Australia. Summerset's purpose is to "bring the best of life" to residents. Summerset's work is guided by its values – One Team, Strong Enough to Care, Strive to Be the Best. Together, the purpose and values

deliver a strong, positive culture for staff. Summerset is dedicated to building a diverse and inclusive workplace where all staff feel valued and included and can bring the best of themselves to work. Summerset has a number of policies in place to support this: including a code of conduct and a policy on workplace bullying, harassment and discrimination. These are supported by an anonymous "Fair Call" whistleblowing hotline managed by an external third party, which staff can use to report wrongdoing, including any allegations concerning modern slavery issues, 24/7. This work is further supported by the Diversity and Inclusion Steering Group, formed in 2021 as part of Summerset's Diversity and Inclusion Strategy.

Together, the geographic location of operations, positive work culture, and strong policies and procedures, significantly limit the risk of modern slavery practices within Summerset Group's own operations.

Beyond its own operations, Summerset recognises that its supply chains extend beyond New Zealand and Australia. Tier 1 suppliers to Summerset are principally based locally in New Zealand and Australia. Upstream parts of the supply chain have a wider reach. Where this is the case, Summerset acknowledges that some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio economic factors like poverty. It is also possible that the economic and social effects of the Covid-19 pandemic may have increased modern slavery risks in some areas.

<sup>3</sup> <https://www.globallslaveryindex.org/2018/data/country-data/new-zealand/>

<https://www.globallslaveryindex.org/2018/data/country-data/australia/>

<sup>4</sup> <https://www.transparency.org/en/cpi/2021>

## Sector and industry risks of modern slavery

Certain sectors and industries may have elevated modern slavery risks because of their characteristics, products and processes. Summerset has identified high-risk product and service categories that may exist within its supply chains, as follows.

- The construction sector has an elevated risk of modern slavery due to its long and complex supply chains, use of base-skilled labour, and sourcing of raw materials.
- Summerset operates more broadly within the wider health care sector, which carries its highest risk of modern slavery in the procurement of medical goods such as gloves, garments and electronics.
- The food and beverage sector has a high-risk of modern slavery due to the nature of the work involved in the production, processing, packaging and transport of food. Specific product categories sourced by Summerset within this sector are known to be associated with modern slavery practices, such as coffee, cocoa, sugar, and bananas.

Summerset has continued to prioritise assessment of first tier suppliers within identified high-risk product and service categories and with whom a significant proportion of Summerset's business spend lies.

Construction activities are a significant part of Summerset's business. On average, Summerset delivers approximately 500 new homes each year, making Summerset one of New Zealand's largest home builders. Summerset's Australian retirement village sites will see further construction activity, as construction continues.

The construction sector has an elevated risk of modern slavery within its operations and supply chains as a result of various risk factors.

- Outsourcing and long and complex supply chains are prevalent in the sector, with numerous and sometimes short-term engagements for various workstreams in place across multiple sites, with enterprises of varying sizes. This can decrease the visibility of modern slavery risks within the supply chain.
- Overseas raw materials in the supply chains for the construction sector can be sourced from locations with a relatively higher risk of modern slavery, contributed to by conflict, poverty, weaker rule of law, and fewer human rights protections. Raw materials for the sector posing higher risks of modern slavery include bricks, clay, lime and cement materials.
- There is also a high demand within the sector for base-skill workers, who can be more vulnerable to exploitative practices.



High demand for low-skilled labour force



Poor visibility over long and complex supply chains



Indirect suppliers operating in high-risk geographies

Summerset’s construction activities in New Zealand are managed internally by project and group construction managers employed by Summerset. Contractors and consultants carrying out particular elements of the works for a project are appointed by Summerset directly. The traditional model within the construction sector, of a main or general contractor appointed by Summerset (with others being suppliers or sub-contractors to that main or general contractor), is not used by Summerset in New Zealand. The direct engagement model preferred by Summerset’s New Zealand operations gives Summerset a high degree of visibility and control over its construction operations and supply chain, relative to that within the sector generally.

In addition, Summerset’s Tier 1 construction suppliers are principally based locally in New Zealand and/or Australia, which are relatively lower risk geographic locations. These factors together act to mitigate modern slavery risks within Summerset’s construction activities. However, Summerset recognises that the construction sector generally remains a higher risk sector.

**Product and services risks of modern slavery**

Certain products may have higher modern slavery risks because of the way in which they are produced, provided, or used. Similarly, certain services that often involve lower wages, manual labour, and outsourcing, may also carry an elevated risk of modern slavery practices.

The types of products and services that Summerset has scoped as carrying a higher modern slavery risk within Summerset’s operations and supply chains include:

- cleaning and catering services, representing industries that frequently utilise migrant workers who are often vulnerable to underpayment, withholding of wages and excessive working hours;

- certain raw materials in the supply chains for the construction sector including bricks, clay, lime and cement materials, textiles and natural rubber; and
- products used in Summerset’s clinical operations such as gloves, masks, PPE, medical goods, garments, and pharmaceuticals.

**MANDATORY CRITERION FOUR:**

Key FY21 actions

Summerset undertook actions to assess, address and manage the risks of modern slavery during the 2021 reporting period in the following key areas.

**Governance**

The Modern Slavery Working Group continued its work throughout 2021 to manage modern slavery risks in accordance with Summerset’s current Anti Modern Slavery Work Plan (2020 – 2022), under the oversight of the Procurement Steering Group and Summerset Board.



## Policy

Summerset's commitment to sustainable, ethical and inclusive procurement was further embedded by the introduction in 2021 of a formal Procurement Policy, supported by a Procurement and Purchasing Procedure. These documents include a component in relation to human rights, modern slavery and fair labour, as well as other procurement goals in relation to sustainability, workplace health and safety, and other metrics.

The Procurement Policy and Purchasing Procedure specifically require that Summerset's sustainability objectives are considered for all procurement activity, and that activities as part of the procurement process include verifying suppliers' sustainable management standards and practices, including compliance with modern slavery laws and international labour standards.

The Policy and Procedure work together to support the Supplier Code of Conduct and Modern Slavery Policy introduced by Summerset in 2020.

## Procurement

As governance and policy work centred on modern slavery risks is further embedded, Summerset's procurement processes have continued to build a strengthened focus on verification and oversight of suppliers' modern slavery risks. These procurement processes have included issuing the Supplier Code of Conduct, supplier due diligence, and tailoring of contracts for modern slavery risks.

Whole of business procurement activities have also included increased consideration of Summerset's sustainability and social objectives. For example, in 2021, some of Summerset's food delivery services for its villages and care centres were brought in house, having previously been

delivered via third-party providers. The food, catering and hospitality sector has a higher risk of modern slavery due to the nature of the work, and workforce, involved in the production, processing, packaging and transport of food. The in-house catering model Summerset is progressively moving towards assists in giving Summerset a greater degree of visibility and control over its food delivery services.

## Supplier mapping and due diligence

Summerset's procurement utilises a large number of suppliers. Work continued in the 2021 reporting period to assist in capturing relevant information to assess modern slavery risks for new suppliers.

The management of new suppliers has been formalised with a process requiring Summerset staff to complete a more detailed online request form for each new supplier, which feeds information into the supplier database. The new supplier request form ensures that Summerset is capturing relevant information for each new supplier that enables Summerset to assess modern slavery risks, as well as meeting other business objectives. In relation to modern slavery, the form gathers information on the industry or sector the supplier operates within, the specific product or service supplied or that will be supplied to Summerset by the supplier, and the relevant geographic location(s) of origin for those products or services. The process also requires Summerset staff setting up the new supplier to verify that the supplier has been made aware of relevant policies including the Supplier Code of Conduct and Modern Slavery Policy.

## Awareness and education

Summerset aims to raise awareness of the issue of modern slavery both internally and within Summerset's network of suppliers and contractors.

Summerset offers an online learning programme, iLearn, with self-paced modules providing learners with an engaging and consistent learning experience across various operational and compliance topics. Learners have the flexibility of pausing and coming back to complete modules at any time. Assessments are embedded within each module to ensure good understanding of the topic presented.

In 2021, a new modern slavery training module on iLearn was developed, to further assist those staff who procure Summerset's goods and services understand more about modern slavery, and how to ensure Summerset is not supporting it through its spending.

Summerset's key business teams relevant to the procurement space were invited to complete the training. Approximately 50 staff have completed the training to date. The training has assisted to raise further awareness of modern slavery issues for Summerset staff with a procurement function, across the development, construction, legal, procurement, and operations business divisions.

## MANDATORY CRITERION FIVE:

### Measuring effectiveness

Summerset has a variety of measures currently in place to assess the effectiveness of the above actions.

- The Modern Slavery Working Group meets regularly to discuss and monitor progress and effectiveness of initiatives and opportunities to continuously improve the way in which Summerset approaches modern slavery risks.
- The Procurement Steering Group meets every 3 months and receives regular updates on the above actions and how Summerset is tracking against them.

The Modern Slavery Working Group tracks delivery of certain key measures within the current action plan. The principal areas of measurement are as follows.

- Number of staff (teams) that have received modern slavery risk awareness training.
- Number of suppliers that have been issued with the Supplier Code of Conduct.
- Number of suppliers that have been subject to further supplier due diligence.
- Number of contracts that have been amended via the addition of a modern slavery clause.
- Number of grievances relating to modern slavery logged via the whistleblower confidential line.

Summerset is committed to developing and maintaining a robust group-wide response to modern slavery.



## **MANDATORY CRITERION SIX:**

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### Consultation process

Summerset recognises that each entity within the Summerset group has a role to play in addressing modern slavery risks and is committed to developing and maintaining a robust, group-wide response to modern slavery across all of Summerset's owned entities. All entities within the Summerset group are ultimately wholly owned by the reporting entity Summerset Group Holdings Limited.

The directors of Summerset Group Holdings Limited govern and set the overall strategy and direction of the business on a group wide basis. The subsidiaries share common directors, who are all senior managers of Summerset (or, in the case of Summerset LTI Trustee Limited, directors who sit on the Board of Summerset Group Holdings Limited).

## **MANDATORY CRITERION SEVEN:**

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### Other relevant information

#### **Impact of Covid-19**

Due to the ongoing Covid-19 pandemic, Summerset has continued to experience significant changes to its supply chains. Summerset needed to modify or establish new supply chains to source and ensure ongoing supply of products impacted by Covid-19 related supply issues.

Summerset's ability to identify some of the risks of modern slavery practices in its operations and supply chains has been impacted by these changes to Summerset's suppliers. It is also possible that the economic and social effects of the pandemic may have increased modern slavery risks in some areas.

Additionally, Summerset experienced some delays or difficulties in implementing its planned activities to assess and address modern slavery risks. For example, the work created by the changes to Summerset's supply chains limited the capacity of the procurement team to assess and respond to some risks.

Summerset will continue to plan and prepare to ensure it is well positioned to address modern slavery risks, including any new risks created by Covid-19.

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