



# Modern Slavery Statement

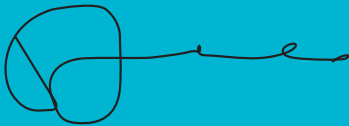
2020



## 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 2020 to 31 December 2020.

This statement was approved by the Board of Summerset on 25 June.



Rob Campbell

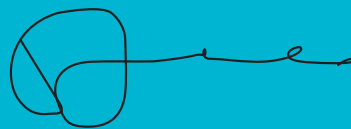
**Chair**

25 June 2021

## Message from the Chair and Chief Executive Officer

Welcome to Summerset's first modern slavery statement, for the 12 months ended 31 December 2020. This report covers an unprecedented year in which the Covid-19 pandemic had a major impact on Summerset's business, as it did throughout the world. During 2020, Summerset also took its first step towards formally reporting on modern slavery risks within Summerset's business.

People are the heart of Summerset. Summerset is committed to being socially responsible. 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 will build on the foundations set out in this statement.



Rob Campbell

**Chair**



Scott Scoullar

**Chief Executive Officer**

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



## 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\$2.8 billion and 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 the operational entity of, and wholly owned by, Summerset Group Holdings Limited. The Australian operational entity 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 full continuum of care from independent and assisted living options to aged care.

Summerset has 31 registered villages across New Zealand (either completed or in development) and owns a further nine New Zealand sites for future villages. Since late 2019, Summerset has been expanding into Victoria, Australia, and currently owns three Australian sites for future villages.

"Bringing the best of life" to residents is at the core of what Summerset does. Summerset's community is made up of more than 6,200 residents in over 4,400 units and over 900 care beds across its retirement villages.

Summerset has a land bank of almost 6,000 units for future development. On average, Summerset builds around 500 new homes per year, placing Summerset in the top 10 residential builders in New Zealand. Construction at Summerset's Australian properties has not yet started. 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 1,800 staff members across its retirement village sites and corporate offices in New Zealand and Australia. Summerset strives to create a great place to work, where people can thrive.



31

registered villages  
across New Zealand



6,200

residents across our  
retirement villages



6,000

units for future  
development



## Bringing the best of life



### Growth

We look for expansion opportunities and returns for our shareholders



### Our people

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



### Our customers

We continually improve and enhance our offering to residents



### Wellbeing



### Innovation



### Sustainability

Our strategic goals are underpinned by our desire to bring increased **wellbeing** to our customers and staff, by harnessing the power of **innovation** and weaving **sustainability** into our work

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/assets/Investor-centre/2020-year-end-results/Annual-Report-FY20.pdf>

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

## Supply chain

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

Summerset has an emerging procurement function that spans our construction and operations activities. Summerset's Procurement team manage whole of Summerset contracts for specific goods or services commonly used within the Summerset Group as well as other high value contracts across the Summerset business. In time, this procurement function will cover a substantial proportion of supplier spend across Summerset Group, complemented by distributed on-site management of day to day materials supply and local purchasing.

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, potential suppliers, and contractors. Summerset expects its suppliers and contractors to comply with Summerset's standards and expectations, including modern slavery. This expectation is supported by a Supplier Code of Conduct, which references remediation of modern slavery risks along with other procurement goals.

Summerset's supply chain is extensive and diverse. The most significant expenditure falls into the following categories:

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

In the 12 months ending 31 December 2020, Summerset spent approximately NZD\$337 million with more than 2,500 suppliers.



## MANDATORY CRITERION THREE:

### Identifying modern slavery risks

Summerset has conducted a high-level identification of 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 formal procurement function provides visibility for Tier 1 suppliers (suppliers directly contracted by Summerset). Summerset has very limited visibility of upstream parts of the supply chain. Gaining greater transparency over the upstream aspects of the supply chain is 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 proportion of the population of New Zealand and Australia living in modern slavery as 0.64/1,000 and 0.65/1,000 respectively<sup>3</sup>. New Zealand and Australia are also top scoring countries on the Corruption Perceptions Index 2019 produced by Transparency International; ranked 1<sup>st</sup> and 12<sup>th</sup> respectively out of 180 countries<sup>4</sup>. Overall,

there is a relatively low risk of modern slavery occurring in New Zealand or Australia.

Against that background, Summerset Group employs over 1,800 staff, working across New Zealand and Australia. Summerset's purpose is to "bring the best of life" to residents and Summerset's work is guided by these values: One Team, Strong Enough to Care, Strive to Be the Best.

#### Our purpose and values deliver a strong, positive culture for staff.

Summerset has 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. Staff can use the hotline to report wrongdoing, including any allegations concerning modern slavery issues, 24/7.

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.

However, Summerset recognises that its supply chains extend beyond New Zealand and Australia. Tier 1 suppliers to Summerset are principally based 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 due to poor

<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/2019/index/nzl>  
<https://www.transparency.org/en/cpi/2019/index/aus>

governance, weak rule of law, conflict, migration flows and socioeconomic factors like poverty.

### Sector and industry risks of modern slavery

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

- 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 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 include coffee, cocoa, sugar, and bananas,

which are known to be associated with modern slavery practices.

Within these sectors, Summerset has prioritised assessment of first tier suppliers where Summerset has greater influence or control, and with whom a significant proportion of Summerset's business spend lies. This has led Summerset to focus on its suppliers within the construction sector initially. Certain product categories associated with risk in the remaining sectors have been separately reviewed, with further sector-wide analysis an identified area for improvement.

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 once development approvals are received.



High demand for low-skilled labour force



Poor visibility over long and complex supply chains



Indirect suppliers operating in high-risk geographies



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 chain 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.

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 on a project are appointed by Summerset directly. Summerset does not use the traditional model of appointing a main contractor to contract other providers. 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 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, some 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 higher risk within Summerset's operations and supply chains include:

- cleaning and catering services, representing industries that frequently use migrant workers. Migrant workers can be vulnerable to underpayment, withholding of wages and excessive working hours;
- 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 FY20 actions

Summerset has assessed, addressed and managed the risk of modern slavery during the reporting period in five main areas: policy review; roles and responsibilities; supplier management; supplier due diligence; and awareness and education.

#### **Policy review**

A review was conducted of selected Summerset policies and processes.

Summerset’s commitment to sustainable, ethical and inclusive procurement was formalised by the introduction of a Supplier Code of Conduct, setting out the minimum standards expected of suppliers and contractors to Summerset.

This includes a component in relation to human rights, modern slavery and fair labour, sustainability and workplace health and safety.

In addition, Summerset has developed a Modern Slavery Policy as an essential step in addressing modern slavery risks in its supply chains. The Modern Slavery Policy sets out the responsibilities of Summerset, its employees, operations and suppliers in observing and upholding Summerset’s commitment to identifying and working to eliminate all forms of modern slavery in its supply chain. For more information, see Summerset’s Modern Slavery Policy<sup>5</sup>.

#### **Roles and responsibilities**

Strong governance provides a platform from which the Summerset Group Board of Directors can provide strategic direction for the company. The Board has overall responsibility for ensuring the Modern Slavery Policy complies with

Summerset’s legal and ethical obligations, and that those under Summerset’s control comply with the policy.

Summerset’s procurement function continues to grow and has been allocated responsibility for the implementation of the Modern Slavery Policy. The Head of Procurement has been given primary and day-to-day responsibility for implementing the policy, and for monitoring its use and effectiveness. This function is governed by a Procurement Steering Group, which retains oversight of the policy implementation.

In addition, a Modern Slavery Working Group has been formed within Summerset, bringing together staff with procurement, legal, finance, and IT functions. The Modern Slavery Working Group meets at regular intervals to discuss progress of initiatives and opportunities to continuously improve the way in which Summerset approaches modern slavery risks.

#### **Supplier management and mapping**

Summerset’s procurement uses a large number of suppliers. Work commenced in the 2020 reporting period to assist in capturing relevant information to assess modern slavery risks for new suppliers.

Capturing this information retrospectively for Summerset’s existing suppliers is planned and is likely to coincide with contract reviews or renewals for those suppliers.

#### **Supplier due diligence**

Summerset has developed a supplier questionnaire on modern slavery risks. The questionnaire is intended to be used as a tool to assist Summerset to:

- identify and assess possible modern slavery risks in Summerset procurements;
- identify mitigation efforts to combat the risk of modern slavery in procurements; and

<sup>5</sup> <https://www.summerset.co.nz/assets/Investor-centre-governance-documents/SGHL-Modern-Slavery-Policy-FINAL-23.11.20.pdf>

- foster collaboration between Summerset and suppliers to address these risks.

The questionnaire was provided to a sample of existing suppliers in construction and operations to gauge the quality and relevance of responses received and assist in refinement of the questionnaire.

### **Awareness and education**

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

This started at Board level, with modern slavery in supply chains on the agenda for the Board ahead of the Board adopting the Modern Slavery Policy. This ensured the regulatory framework and Summerset's response to ensure assessment and remediation of modern slavery risks were clear.

In addition, members of the Modern Slavery Working Group have presented at key business team meetings on the issue of modern slavery and Summerset's modern slavery journey. These presentations have aimed to raise awareness of these issues for Summerset staff with a procurement function, across the development, construction, legal, procurement, and operations business divisions.

Externally, Summerset has hosted construction roadshows in Auckland, Wellington and Christchurch in New Zealand. The roadshows bring Summerset construction and procurement staff together with external suppliers, contractors, sub-contractors and consultants to boost collaboration around key procurement priorities for the Summerset business, including modern slavery actions. The roadshows were well attended and allowed the Summerset senior management team to update suppliers on strategic progress and new initiatives. In the procurement space, this included updates on the Supplier Code of Conduct, Modern Slavery Policy, and associated

## **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 monitor the progress and effectiveness of initiatives and opportunities to improve the way in which Summerset approaches modern slavery risks.
- The Procurement Steering Group meets every three months and receives regular updates on how Summerset is tracking.

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

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

## **MANDATORY CRITERION SIX:**

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### Consultation process

Summerset recognises that each entity within Summerset group has a role to play in addressing modern slavery risks. It 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 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, as follows:

- New Zealand subsidiaries: Chief Executive Officer, Chief Financial Officer, Head of Legal, Head of Finance, and General Manager Development.
- Australian subsidiaries: Chief Executive Officer, Chief Financial Officer, Head of Legal, Head of Finance, and General Manager Development Australia.

## **MANDATORY CRITERION SEVEN:**

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### Other relevant information

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

For many, 2020 was a difficult and challenging year due to the Covid-19 pandemic. Thanks to a strong public health response in New Zealand, and Summerset's own plans and procedures, there have been zero Covid-19 cases among Summerset's residents and staff to date.

Summerset has however experienced significant changes to its supply chains due to the pandemic. Summerset had to establish new supply chains to source personal protective equipment for its clinical staff, such as masks, rubber gloves, and sanitising products.

Summerset has also modified other areas of its supply chain to ensure ongoing supply of key goods and services, in particular in the construction division.

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 delays or difficulties in implementing planned activities to assess and address modern slavery risks. This included delaying or cancelling some face to face supplier engagement activities. The work created by the changes to Summerset's supply chains also limited the capacity of the procurement team to assess and respond to some risks.

Within its own operations, Summerset has acted to protect and support staff, by ensuring the availability of appropriate protective equipment, leave and pay arrangements for staff awaiting test results, extra sick leave for staff due to their health or that of their close contacts, a \$2 per hour wage increase during New Zealand's level four lockdown, and security to screen visitors to retirement village sites.

Summerset contacted over 80 companies making redundancies due to Covid-19 and recruited more than 120 nurses and caregivers during the first six weeks of New Zealand's nationwide lockdown.

Summerset is aware that Covid-19 may be with us for some time. Summerset will continue to ensure it is well positioned to prioritise addressing modern slavery risks, including any new risks created by Covid-19.

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



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