

ARENA



2022 VOLUNTARY MODERN SLAVERY STATEMENT

ABOUT THIS STATEMENT

This Modern Slavery Statement (statement) has been made as a voluntary statement by Arena REIT Limited in accordance with section 14 of the *Modern Slavery Act 2018 (Cth) (MSA)*.

This statement covers Arena REIT Limited and its owned and controlled entities, collectively referred to as Arena throughout the statement, for the 2022 Australian Financial Year reporting period (1 July 2021 – 30 June 2022).

Arena REIT is a triple stapled entity comprising Arena REIT No. 1 (ARSN 106 891 641), Arena REIT No. 2 (ARSN 101 067 878) and Arena REIT Limited (ACN 602 365 186). Arena REIT Management Limited (ACN 600 069 761) is the responsible entity of Arena REIT No. 1 and Arena REIT No. 2. Arena REIT Limited is the ultimate holding company of Arena REIT Management Limited and its other wholly owned subsidiaries.

Arena REIT Limited and Arena REIT Management Limited have separate boards of directors. A co-ordinated approach is undertaken by Arena REIT Limited and Arena REIT Management Limited to the corporate governance of Arena.

This statement has been prepared through a cross functional process, including consultation with Arena REIT Limited's owned and controlled entities. The Company Secretary for each of Arena REIT Limited's owned and controlled entities was consulted on a draft of this statement. The Managing Director of Arena REIT Limited is also a director of each of Arena REIT Limited's owned and controlled entities.

The Boards of Arena REIT Limited and Arena REIT Management Limited reviewed and approved this statement on 26 September 2022. It is signed by Arena REIT Limited's Chair and Managing Director.



FOREWORD

We are pleased to present and sign Arena’s first voluntary modern slavery statement.

We recognise that businesses have an important role to play in addressing modern slavery, just as they do in relation to other material sustainability issues. In accordance with Arena’s sustainability framework we have committed to strengthening the management of our modern slavery risks, including to voluntarily opt in to report under Australia’s MSA.

This statement outlines the actions we have already taken to enhance our modern slavery risk management approach and highlights our aim to continue to refine our response over the coming years.

Our key achievements over the reporting period covered by this statement include:

- ▶ Undertaking a modern slavery hotspot analysis to better understand potential areas of modern slavery risk in our operations and supply chains.
- ▶ Completing a modern slavery gap analysis and roadmap project to identify opportunities to further strengthen our response.
- ▶ Delivering a modern slavery workshop for our tenant partners to support them to manage potential modern slavery risks in their operations and supply chains.

We look forward to continuing to build our modern slavery response, including by working in partnership with our tenant partners and other key stakeholders.

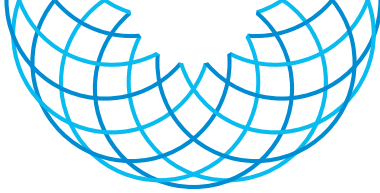
We welcome feedback on this statement at info@arena.com.au.

Yours sincerely,

David Ross
Chair

Rob de Vos
Managing Director





OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Our structure and operations

Arena REIT is an internally managed Australian Real Estate Investment Trust listed on the Australian Securities Exchange (ASX: ARF). We develop, own and manage social infrastructure properties across Australia. Social infrastructure is the real property from which governments, not-for-profit organisations and corporations deliver essential services to the community.

Arena has nine employees with a corporate office located in Melbourne. It operates as a stapled group comprising the following ASX listed entities:

- ▶ Arena REIT Limited: provides corporate, property management and development services to the Arena trusts; and
- ▶ The Arena Trusts being, Arena REIT No. 1 and Arena REIT No. 2: are unit trusts (registered managed investment schemes) which own and develop Arena's property portfolio and pay distributions to securityholders.

Arena REIT Management Limited holds an Australian Financial Services Licence and acts as responsible entity for the Arena Trusts.

Arena's investment objective is to generate an attractive and predictable distribution to investors with earnings growth prospects over the medium to long term. Our investment strategy is to invest in social infrastructure properties such as early learning, healthcare, education and government tenanted facilities featuring some or all of the following characteristics:

- ▶ relatively long lease terms;
- ▶ premises that have strategic importance to the operation of the tenant;
- ▶ high credit quality or government tenants;
- ▶ leases where tenants are responsible for substantially all of the statutory and operating outgoings and costs including land tax, insurance and repairs and maintenance; and
- ▶ reversionary property valuation risk can be appropriately managed through active management.

Valued at over \$1.4 billion, our current portfolio of 263 social infrastructure properties is leased to a diversified tenant base in the early learning and healthcare sectors. These properties are located across Australia (see visual on following page) and include early learning centres, multi-purpose community medical centres, and specialist disability accommodation.

We lease our properties to tenant partners under long term, triple net leases. This lease structure means tenants maintain operational control of Arena's properties and are responsible for substantially all of the outgoings (including land tax and insurance), repairs and maintenance costs (such as procurement of cleaning services) and capital expenditure (such as fit outs).

As a developer, we work with our tenant partners to invest the capital necessary to provide efficient, flexible and well-located accommodation at sustainable rents, allowing them to focus on their core purpose to deliver essential services to communities throughout Australia. We work as property partners with our tenants, including identifying development opportunities, managing project risk and delivering quality development projects. We completed six early learning centre developments as part of our \$105 million acquisition and development capital expenditure during the reporting period.

We are also a fund manager, and have managed unlisted funds that invest in the healthcare property sector.

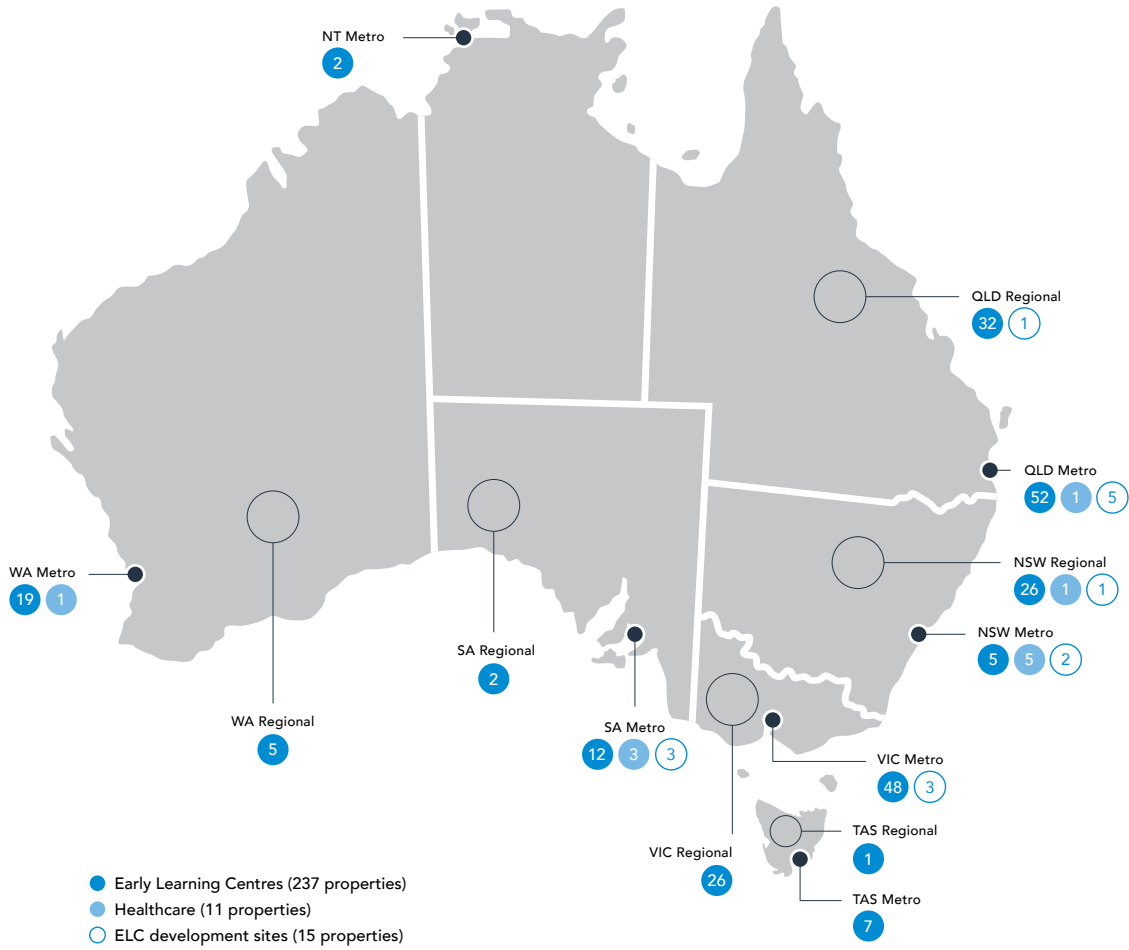
The COVID-19 pandemic has significantly impacted the Australian and global economies and the ability of companies and governments to operate. During the reporting period, the pandemic continued to present challenges and more recently a rapidly changing economic environment arising from inflationary pressures and staff shortages have combined to create further uncertainty.

We recognise that the impacts of the COVID-19 pandemic may also have increased modern slavery risks in global supply chains for vulnerable workers, due to factors such as factory shutdowns and demand fluctuations for products and materials. We will continue to consider how the pandemic and associated disruptions may affect our modern slavery risk profile going forward.

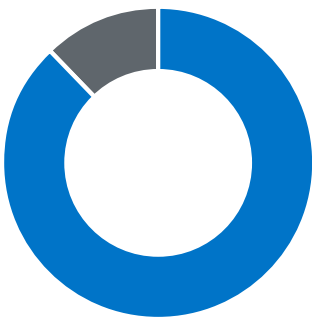


OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS
CONTINUED

Portfolio overview

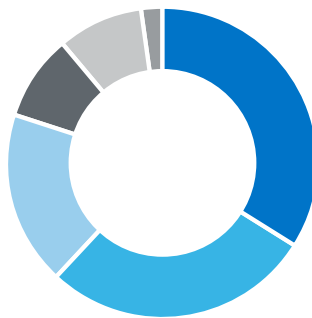


Sector Diversification
By value (%)



- Early Learning **88%**
- Healthcare **12%**

Geographic Diversification
By value (%)*



- QLD **34%**
- VIC **28%**
- NSW **18%**
- WA **9%**
- SA **9%**
- TAS **2%**
- NT **0%**

Tenant Diversification
By income (%)



- Goodstart **25%**
- Green Leaves **17%**
- ForHealth **9%**
- Affinity **9%**
- Edge **9%**
- G8 Education **5%**
- Aspire **3%**
- Petit **3%**
- SACare **2%**
- YMCA **2%**
- Other **14%**

*Totals may not sum due to rounding

Our supply chains

Over the reporting period, our approximate supplier spend was \$108 million which was divided across three key categories of suppliers as follows:

- ▶ Development;
- ▶ Property management; and
- ▶ Corporate.

We work closely with our suppliers, many of which we engage regularly. This supports us to build strong relationships with key suppliers.

	<p>DEVELOPMENT</p>	<p>Our primary category of spend during the reporting period related to the acquisition and development of our property assets. This includes construction and labour services such as design, engineering and engagement of head contractors to undertake building works.</p> <p>Under our development model, our head contractors are responsible for engaging relevant subcontractors and procuring materials, including both construction materials and equipment.</p>
	<p>PROPERTY MANAGEMENT (TYPICALLY UNDERTAKEN BY TENANT PARTNERS)</p>	<p>Due to the nature of our triple net lease agreements with our tenants, property management spend such as cleaning, fit out, and building repairs and maintenance is predominantly undertaken by our tenants. However, in some instances we may directly procure some facilities and property management services such as waste management, cleaning and air conditioning and fire services for a small number of sites.</p>
	<p>CORPORATE SPEND</p>	<p>We also engaged suppliers to support our corporate services and operations. This included professional services suppliers, as well as suppliers providing office supplies and IT services.</p>

IDENTIFYING OUR MODERN SLAVERY RISKS

Modern slavery occurs when ‘coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom’¹.

We recognise that the property and construction sectors can involve a range of modern slavery risks. This is why we are committed to strengthening the management of our modern slavery risks, including building our understanding of potential risk areas that could occur in our supply chains and our operations (including in relation to our tenant partners).

In line with the Australian Government’s Official Guidance about reporting under the MSA, we draw on the UN Guiding Principles on Business and Human Rights (UNGPs) to understand the ways that we could potentially be involved in modern slavery. The UNGPs outline a continuum of involvement which identifies three key ways businesses can be involved in modern slavery, or other human rights harm:

- ▶ **CAUSE:** Businesses can cause modern slavery where their actions directly result in modern slavery occurring. This could include situations where businesses knowingly exploit their workers.
- ▶ **CONTRIBUTE:** Businesses can contribute to modern slavery where their actions or omissions facilitate or incentivise modern slavery. This could include situations where a business engages in irresponsible buying practices and sets budget or delivery targets that the supplier can only meet by using exploited labour.
- ▶ **DIRECTLY LINKED:** Businesses can be directly linked to modern slavery where they are connected to modern slavery by the actions of another entity they have a business relationship with, such as a supplier, through their products, services or operations. This could include situations where a business purchases products from a supplier, which were made by a sub-supplier using modern slavery.

1. Australian Government’s Official Guidance for Reporting Entities under the Modern Slavery Act 2018.








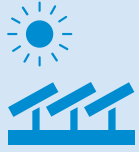
IDENTIFYING OUR MODERN SLAVERY RISKS

CONTINUED

During the reporting period, we engaged a specialist business and human rights advisory firm to undertake a 'modern slavery hotspot analysis' of our operations and supply chains. The results of this project are outlined in the images below.

This project has provided us with a better understanding of our potential modern slavery risks by drawing on information about our supplier spend and credible external resources to highlight areas of our operations and supply chains where there may be a higher risk of modern slavery.

In line with the UNGPs, the project also included an assessment of the indicative severity of each modern slavery hotspot. This involved considering the scale, scope and severity of each hotspot. The results will assist us to prioritise our modern slavery risk management by focusing on those hotspots which involve the most severe potential harm to people.

POTENTIAL MODERN SLAVERY HOTSPOTS IN OUR OPERATIONS AND SUPPLY CHAINS				
BUILDING MATERIALS AND LOGISTICS 	CLEANING PROVIDERS 	CONSTRUCTION-RELATED LABOUR 	DOMESTIC ACCOMMODATION AND TRANSPORT 	ICT EQUIPMENT AND SERVICES 
OFFICE SUPPLIES 	OTHER LOW-SKILLED SERVICE PROVIDERS 	SOLAR PANELS 		

POTENTIAL MODERN SLAVERY HOTSPOTS RELATING TO OUR TENANT PARTNERS				
ASSET MAINTENANCE MATERIALS 	CLEANING PROVIDERS 	ENGAGEMENT OF STAFF 	OTHER LOW-SKILLED SERVICE PROVIDERS 	PPE AND OTHER APPAREL 
PROPERTY FIT OUT MATERIALS 	SECURITY PROVIDERS 			

The potential modern slavery hotspots outlined above are indicative and identify areas of our operations and supply chains (as well as those of our tenant partners) that may involve higher modern slavery risks. These hotspots do not indicate that we have identified modern slavery incidents or allegations in these areas. We also recognise modern slavery risks could occur in other areas of our operations and supply chains.



MANAGING OUR MODERN SLAVERY RISKS

Based on an independent external assessment of Arena's material sustainability issues, modern slavery was identified as a material topic. We are working to further develop and refine our approach to modern slavery risk management and will continue to report on our actions in future statements.

This section outlines key steps we have taken to date and explains how the management of modern slavery risks is integrated into our broader approach to sustainability.

Governance

A co-ordinated approach is undertaken by the Boards of Arena REIT Limited and Arena REIT Management Limited to the corporate governance of Arena. The Boards maintain oversight of Arena's sustainability strategy (including as it relates to modern slavery) and the Boards have not delegated this responsibility to any board committees. The Boards have the overall responsibility for monitoring and reviewing strategic priorities and making progress against Arena's objectives, including initiatives and actions specifically addressing sustainability issues such as modern slavery. The Boards receive quarterly reporting on sustainability issues, including progressing modern slavery commitments, and consider other sustainability related issues as they arise within the fixed meeting schedule.

Strategic programs and operational initiatives designed to respond to sustainability issues including modern slavery are executed collaboratively under the leadership of the Managing Director. To integrate and progress sustainability initiatives across the business and update the Boards quarterly on the implementation of the Sustainability Framework, Arena has established an ESG working group comprised of Arena team members from each of the finance, investor relations, property, risk and compliance and sustainability teams.

The activities of the ESG working group are reported to the Boards as part of the quarterly sustainability reporting, and are considered as part of the Boards' oversight of Arena's sustainability strategy.

The ESG working group's responsibilities include:

- ▶ Managing, minimising, and mitigating sustainability impacts and risks, including in relation to modern slavery;
- ▶ Ongoing analysis to ensure emerging sustainability risks are identified; and
- ▶ Continuously improving sustainability performance and reporting, year on year, with transparency about progress, including by supporting the development of Arena's voluntary statement under the MSA.

We have strengthened the integration of sustainability considerations into our corporate governance and risk management frameworks during the reporting period and will continue to do so in future reporting periods.

MANAGING OUR MODERN SLAVERY RISKS
CONTINUED

Key policies

POLICY	HOW THIS POLICY IS RELEVANT TO OUR MODERN SLAVERY RISK MANAGEMENT	HOW WE IMPLEMENT THIS POLICY
<u>Code of Conduct</u>	The Code of Conduct outlines how Arena expects Directors and employees to behave and conduct business in the workplace. This includes temporary employees and contractors. The Code of Conduct highlights that we are 'committed to responsible business practices and the support of human rights'.	The Code of Conduct is publicly available on our website. Ongoing compliance training is provided to all team members as required and team members must also complete an annual attestation that they have read and understood the obligations in the Code of Conduct. Responses to breaches of the Code of Conduct will depend on the severity of the impact and may range from counselling to dismissal.
<u>Environmental, Social and Governance Policy (ESG Policy)</u>	The ESG Policy outlines our aim to responsibly manage and mitigate the ESG impacts of our business activities and operations, which would include any impacts relating to modern slavery. It also sets out our commitment to engage, collaborate with, and (where possible) positively influence the behaviour of our tenant partners, contractors, service providers and other key stakeholders regarding ESG.	The ESG Policy is publicly available on our website. New employees are provided with information on our approach to ESG (including this policy) as part of their induction program.
<u>Whistleblower Policy</u>	The Whistleblower Policy applies to all Arena employees and officers, as well as contractors and consultants. Suppliers' employees and other eligible persons can also make protected disclosures under the policy. The Whistleblower Policy outlines the process for reporting disclosable conduct (which could potentially include modern slavery) and how reports would be investigated.	The Whistleblower Policy is publicly available on our website. Arena proactively communicates the Whistleblower Policy to all team members, who also complete annual training regarding their rights and obligations under whistleblower legislation.
<u>Anti-Bribery and Corruption Policy</u>	Bribery and corruption may contribute to modern slavery occurring. The Anti-Bribery and Corruption Policy applies to all Arena employees. It prohibits bribery, corruption, and other types of improper payments.	The Anti-Bribery and Corruption Policy is publicly available on our website. Arena provides training to all employees on the Anti-Bribery and Corruption Policy. Breaches of the Anti-Bribery and Corruption Policy will result in disciplinary action, which may result in dismissal for misconduct.

MANAGING OUR MODERN SLAVERY RISKS

CONTINUED

Incorporating modern slavery into our ESG materiality framework

During FY21, an independent external assessment of Arena’s public disclosures against best practice was commissioned and a longer-term governance action plan was agreed which together resulted in the implementation of improved disclosures, including this voluntary statement.

The recommendations arising out of the assessment, and corresponding action plan, have also guided the development of Arena’s Sustainability Framework which is being implemented with appropriate goals and targets.

The development of Arena’s Sustainability Framework was informed by stakeholder consultation, including with our team members, tenant partners, investors and ESG rating agencies. Importantly, modern slavery was identified as one of Arena’s material topics. We identified modern slavery as a material topic for a range of reasons, including due to investor feedback, peer practice and expectations set out in global reporting frameworks.

ARENA'S MATERIAL TOPICS		
ENVIRONMENT	SOCIAL	GOVERNANCE
Energy/CO ₂ emissions Climate change (including TCFD) Green buildings Water/rainwater harvesting Biodiversity Waste and e-waste	Human capital Education and development Diversity/non-discrimination and equal pay Talent attraction and retention Succession planning Culture and engagement Health, safety and wellbeing Customers Customer satisfaction Data privacy and security Tenant due diligence Community Building better communities Community giving/sponsorships Community benefits Fostering community relations	Corporate governance Board skills/independence Corporate/ethical behaviour: Legal/regulatory compliance Tax transparency Suppliers/human rights/ Modern slavery Bribery and corruption Whistleblower protection

Our work to assess and address potential modern slavery risks in our operations and supply chains also supports our contribution to achieving UN Sustainable Development Goal 8, which focuses on decent work and economic growth. This Sustainable Development Goal includes targets related to protecting labour rights and promoting safe and secure working environments for all workers, as well as eradicating modern slavery.

MANAGING OUR MODERN SLAVERY RISKS

CONTINUED

Modern slavery gap analysis and roadmap

During the reporting period, we built on the modern slavery hotspot analysis outlined on page 6 by undertaking a modern slavery gap analysis and roadmap project. The project was delivered by a specialist business and human rights advisory firm who worked closely with key functions across Arena.

The modern slavery gap analysis and roadmap project aimed to identify potential gaps and opportunities in our modern slavery risk management and resulted in the development of a three year roadmap for improvement. The recommendations identified in this roadmap were developed based on a review of key Arena policies and processes and interviews with selected Arena functions, including finance, investor relations, property, risk and compliance, and sustainability.

Importantly, the gap analysis and roadmap project focused on the key expectations set out in the UNGPs for business action to manage their risk of involvement in human rights harm, such as modern slavery. These expectations cover a range of areas, including:

- ▶ policy commitments;
- ▶ actions to assess and address risks;
- ▶ communicating actions taken;
- ▶ tracking these actions; and
- ▶ remediation.

The results of the gap analysis and roadmap project were presented to key Arena staff, including the Managing Director. We are using the outcomes of the project to help us refine and evolve our modern slavery risk management, and will report on key actions taken in future statements.

Modern slavery workshop for tenant partners

As set out in the risks section page 7, our tenant partners may be exposed to a range of modern slavery risks. A number of our tenant partners are small to medium sized businesses (such as operators of early learning centres) and may have limited access to training and resources to support them to manage possible modern slavery risks.

During FY21, we incorporated additional questions in regard to ESG issues, including modern slavery, as part of Arena's annual tenant partner survey. 75% of tenant partners who participated in the survey indicated they were interested in collaborating with Arena in relation to modern slavery risks.

Following this survey, we provided a free workshop on managing modern slavery risks for our tenant partners during the reporting period. The workshop was delivered by a specialist business and human rights advisory firm and the content for the workshop was developed in consultation with Arena.

The workshop focused on:

- ▶ What modern slavery is and how it could occur in the early learning sector.
- ▶ The business case for action on modern slavery and stakeholder expectations (including the requirements of the MSA).
- ▶ Key modern slavery risk areas for the early learning sector, including cleaning and security, maintenance and fit out materials, personal protective equipment and other apparel, and contracted staff.
- ▶ Modern slavery 'red flags' and how to respond to any potential modern slavery concerns.

MANAGING OUR MODERN SLAVERY RISKS

CONTINUED

Grievance mechanisms

A modern slavery related complaint regarding Arena's business activities could be reported through our Whistleblower Policy. Our whistleblower procedures allow for confidential and anonymous reporting and is available to Arena's employees, suppliers' employees and other relevant persons.

Our Whistleblower Policy

- ▶ Promotes an open and transparent culture at Arena;
- ▶ Assists in the prevention and detection of disclosable matters;
- ▶ Outlines the process by which disclosable matters may be disclosed;
- ▶ Informs eligible whistleblowers about the protections available to them and how Arena will support and protect them from any detriment;
- ▶ Outlines the process by which Arena will investigate protected disclosures; and
- ▶ Outlines the process for fair treatment of any Arena team member to whom a protected disclosure relates or who is mentioned in a protected disclosure.

All eligible whistleblower incidents are reported to the Boards as soon as practicable and not less than quarterly (on a no-names basis to maintain the confidentiality of the whistleblower and matters raised).

To date, we have not received any modern slavery or broader labour rights related reports through our whistleblower procedures. If a modern slavery related report was received, we would seek to investigate the report following the process for investigating protected disclosures set out in the Whistleblower Policy. This process would generally (subject to the nature of the complaint, including those involved) be led by Arena's Managing Director or the Head of Risk and Compliance and would involve the provision of regular updates to the eligible whistleblower.

ASSESSING OUR EFFECTIVENESS

We are continuing to develop our approach to modern slavery risk management, including assessing the effectiveness of our actions. In our view, an effective response to modern slavery involves a number of components, including a clear understanding of potential risk areas, risk management actions tailored to these risk areas, and processes to enable the identification and appropriate response to modern slavery allegations or incidents.

The modern slavery roadmap and gap analysis project outlined on page 10 has provided us with a baseline understanding of where there may be opportunities to strengthen our response to help ensure it is fit for purpose and effective.

As part of the three year roadmap developed through this project, we will also consider opportunities to develop metrics to help us further assess the effectiveness of our actions to manage modern slavery risks and track our progress over time.

More broadly, our quarterly ESG reporting to the Boards also provides the Boards with a mechanism to assess the effectiveness of our ESG related actions and provide feedback on our overall ESG progress and performance, including in relation to modern slavery risk management.

OUR FUTURE PLANS

The activities undertaken during the reporting period covered by this statement represented a significant step forward for the development of our modern slavery risk management approach.

During the reporting period we strengthened the integration of sustainability into our corporate governance and risk management frameworks including our commitment to the management of our modern slavery risks.

We will continue to build on our modern slavery response in line with our roadmap, collaborating with our tenant partners and other key stakeholders where appropriate.



For more information contact us on 1800 008 494 or online at www.arena.com.au

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