

# Modern Slavery Statement

Australian Prime  
Property Fund  
Retail

**Financial Year  
2020**



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# Introduction

This Modern Slavery Statement (Statement) is made by Australian Prime Property Fund Retail (APPF Retail).

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 Modern Slavery Statement FY20](#).



## 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.

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 2020.

### Entity

Lendlease Retail Benefits Pty Ltd

SMRPF Pty Ltd

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.

APPF Retail’s property portfolio comprise of 10 predominantly major-regional shopping centres (Retail Centres) in New South Wales, Victoria, Queensland and Western Australia, and approximately 2,270 tenants<sup>1</sup>.

# Structure, operations and supply chains

**Structure**

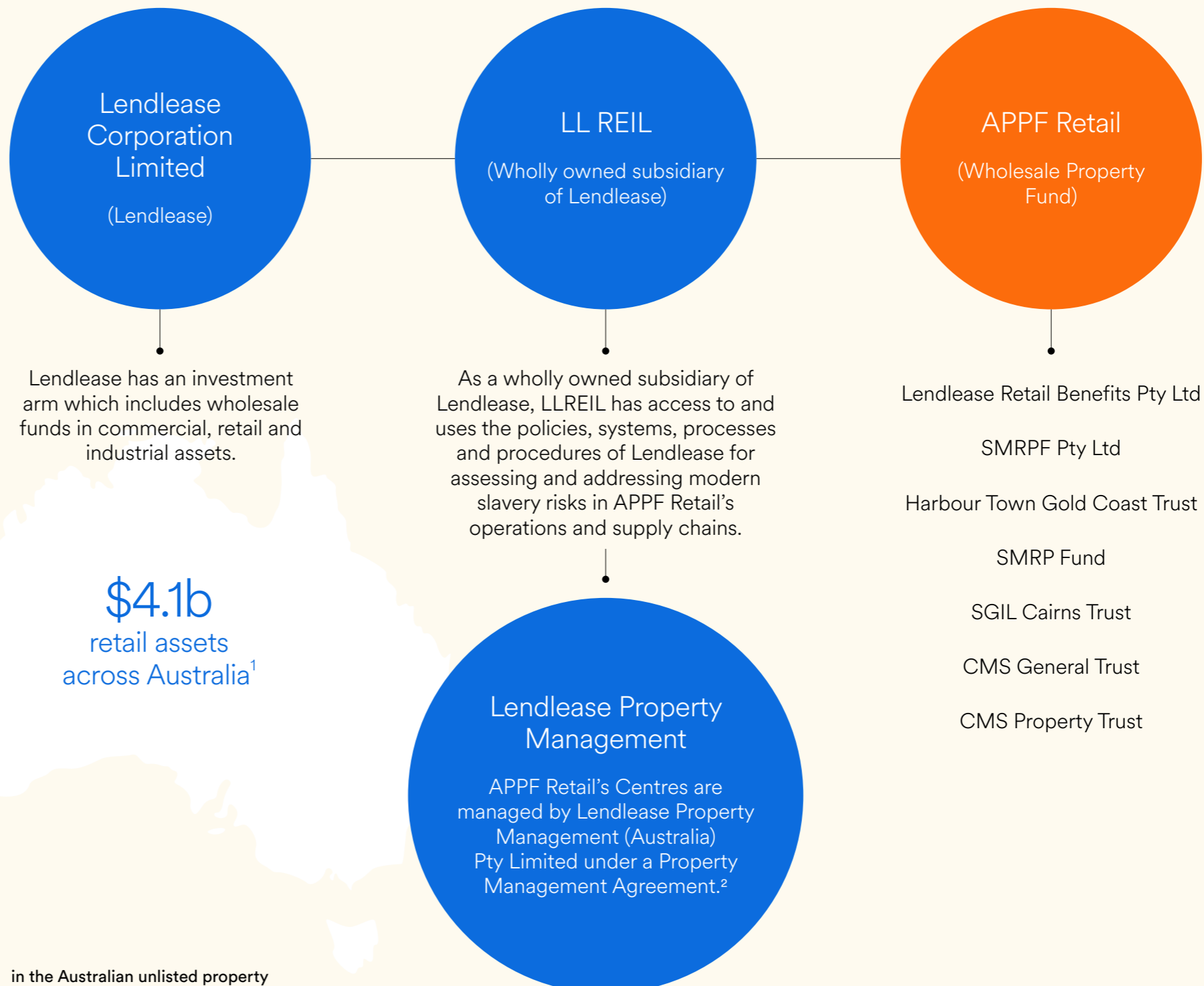
The Structure of APPF Retail is described in the Introduction to this Statement and shown diagrammatically on this and the adjoining page.

**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

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

APPF Retail believes that in its fiduciary and stewardship roles as a fund manager, ESG factors form an integral part of its property portfolios. It is through this ESG framework that APPF Retail embarks on human rights considerations in its supply chains and operations, and this will be progressed in subsequent reporting periods.



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

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
- Harbour Town Gold Coast Trust
- SMRP Fund
- SGIL Cairns Trust
- CMS General Trust
- CMS Property Trust

\$4.1b  
retail assets  
across Australia<sup>1</sup>



Craigieburn Central, VIC      Lakeside Joondalup, WA      Macarthur Square, NSW      Sunshine Plaza, QLD

1. As at 30 June 2020.

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.



## Impact of COVID-19

The Lendlease Funds management Modern Slavery Working Group continued to focus on identifying and mitigating modern slavery risks during the pandemic.

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.

APPF Retail has limited direct exposure to supply chain effects in a development context, with Cairns Central and Westfield Carindale the only assets with activity during the reporting period. Minimal risk is expected with works at both assets scheduled for completion by the end of 2020.

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.

APPF Retail acted swiftly in response to the COVID-19 outbreak to protect the health and safety of its employees. Specific measures undertaken by APPF Retail include:

- Cleaning and additional disinfecting measures across all Retail Centres within the portfolio;
- Installing hand sanitiser units at all entries and high customer touch areas;
- Installing COVID-19 specific awareness signage at all Retail Centre entries, amenities and also utilising its network of digital media assets to further raise awareness;

- Monitored social distancing actively by security personnel at each Retail Centre and developed plans to enable safe use of the Centres;
- Implemented a Contractor Management Plan with respect to the access of contractors onto the site, which included digital registration when on site and temperature checking; and
- Introduced temperature checking for all Centre Management staff as well as daily screening of staff wellness and potential exposure.

## 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.<sup>1</sup>

**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.<sup>1</sup> 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's Modern Slavery Statement FY2020](#).

APPF Retail had approximately 1,250 direct suppliers in the reporting period. Cleaning holds the highest share by value, followed by security, electricity, air conditioning and waste.<sup>2</sup>



1. Westfield Carindale is managed externally. At Harbour Town Gold Coats, 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.



Health and safety risks are the most salient human rights risk across APPF Retail’s 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.

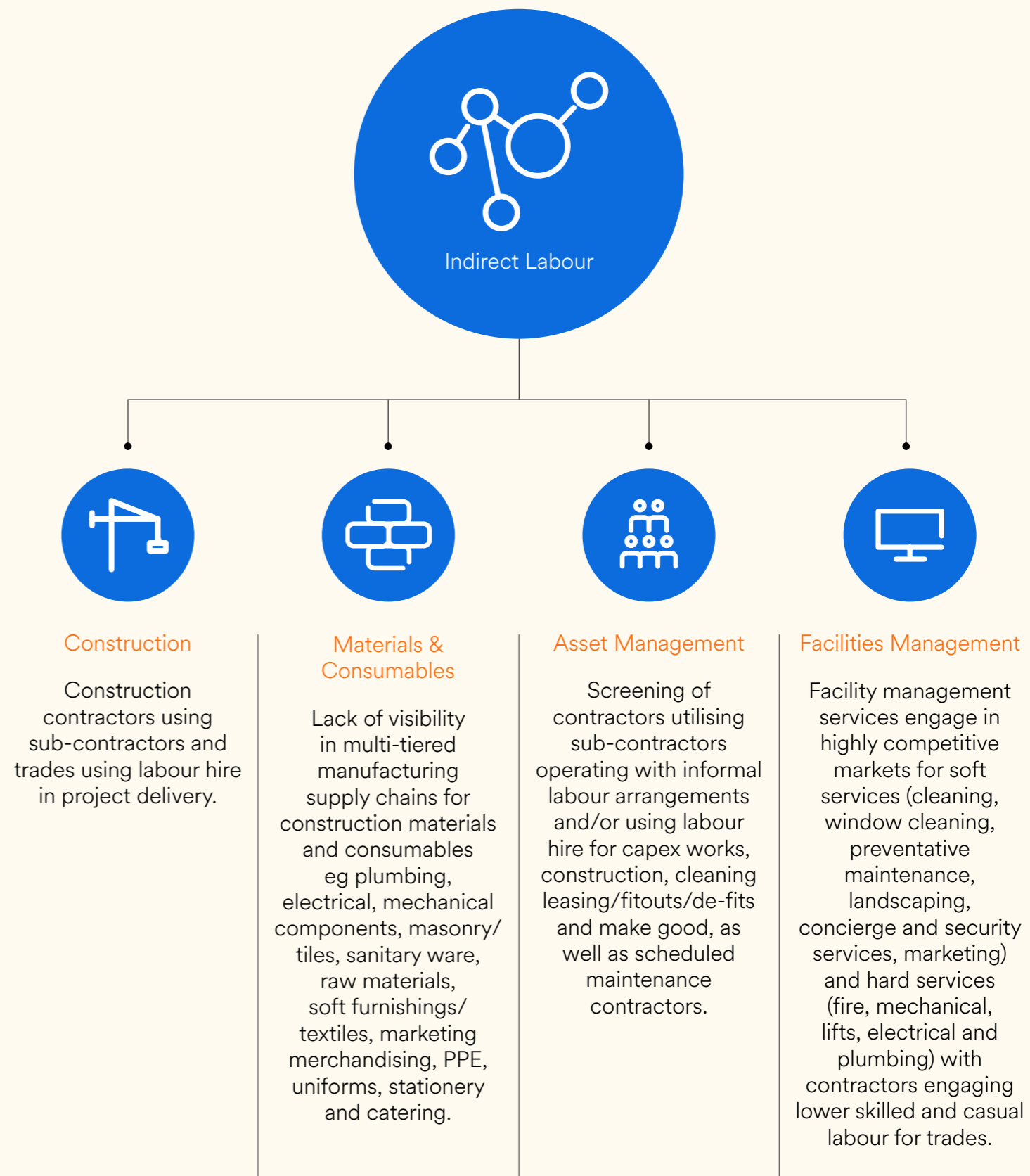
The Health and Safety expectations are also conveyed in [Lendlease’s Supplier Code of Conduct](#).

Representatives from APPF Retail are part of the Property Council of Australia’s National Sustainability Round Table and through this, participated in a social sustainability modern slavery awareness raising session to understand key supply chain risks for portfolio assets. Industry peers identified low wage supply chain entities, as well as sub-contracted workers 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.

The following diagram identifies key areas vulnerable to modern slavery risks.

## Modern Slavery Risks – APPF Retail



# 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 established a number of supply chain risk initiatives aimed at assessing and mitigating modern slavery risks. As part of Lendlease's Funds Management Platform, APPF Retail adopted many of these as detailed in this section.

## Lendlease Global Minimum Requirements Framework

APPF Retail utilises Lendlease's Global Minimum Requirements Framework (GMRs) across all its operations as a contractual requirement with contractors and suppliers.

GMR 3 "Establishment – Places that Care" sets out minimum requirements for worker welfare and accommodation facilities, appropriate working hours and operational approaches for mitigating personal injury on site.

## Lendlease Risk Appetite Framework

APPF Retail adopted this framework to apply to its decision making across its assets and operations.

## Modern Slavery Template Clause

Template clauses addressing modern slavery risk were being developed during the reporting period and will be incorporated into supplier contracts, lease agreements and other template contracts progressively during FY 2021.

## Lendlease Supplier Code of Conduct

APPF Retail adopted the Supplier Code of Conduct which includes specific requirements around mitigating human rights and modern slavery risks.

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 dimension of the Principles are applied into 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.

## Group Conduct Breach Reporting (Whistleblower)

Lendlease integrated modern slavery concerns into this Policy, by referencing the Supplier Code of Conduct. APPF Retail also observes this policy.

## Legal Training in Modern Slavery

The Australia Property Legal team (which includes the team supporting APPF Retail) received specific practitioner level training on modern slavery risks and incident management, contextualised within crisis management and whistle-blower procedures.

## Modern Slavery Risk Heatmapping

The tool is pending piloting and is intended to be available to the APPF Retail business for targeted risk analysis of its suppliers during FY2021.

## Supplier Portal

Lendlease is also phasing in the implementation of an enterprise wide web-based platform to facilitate supplier registration and screening.

The Supplier Portal acts as a gateway to working with Lendlease, providing a single point of entry for Lendlease's entire supply chain and contains some globally consistent specific questions addressing modern slavery risk factors. It also acts as a pre-requisite to Australian-based supplier engagement process.

The APPF Retail business will be provided access to this facility.

## Modern Slavery Due Diligence

APPF Retail has access to Lendlease's modern slavery due diligence questionnaire for tender purposes and intends to progress implementation during FY2021.

## Audit

APPF Retail suppliers are considered in the selection of Lendlease enterprise-wide supply chain audit program in FY2021, with a priority focus on labour.

## Modern Slavery Guide

This is an employee guide on modern slavery and how to identify it as part of employee awareness raising and capacity building. All employees that work on APPF Retail assets can access this Guide.

## Responsible Supply Chain Engagement

APPF Retail is committed to responsible supply chain engagement, which includes:

- Responsible procurement practices;
- Supply chain education through pre-qualification;
- Alignment and implementation with Lendlease's Supplier Code of Conduct; and
- Implementation of Lendlease's Global Minimum Requirements for health, safety and the environment.

In addition, APPF Retail has undertaken the specific activities described below:

#### PCA Supplier Platform

During the reporting period, Lendlease progressed engagement with the Property Council of Australia's (PCA) Informed 365 platform. This is a web platform which APPF Retail has access to, enabling PCA members to engage with suppliers on what they are doing to manage modern slavery risks through an online questionnaire. APPF Retail had access to the Informed 365 Platform from September 2020.

#### Property Manager Engagement

Working with property managers to understand current practices and opportunities to engage through procurement with its supply chain on modern slavery risks.

#### Remediation

Remediation in a human rights sense is about "putting things right" for the person(s) experiencing a human rights breach. The remediation response is specific to the particular circumstances and managed through APPF Retail's crisis management framework. Depending on the contract obligations, this may mean invoking corrective action under contract, compensation, or, if an industry-wide systemic issue, public advocacy for change.

#### Ethics Point

Ethics Point is Lendlease's platform for confidentially logging concerns around improper conduct. This platform has been adopted globally. It is cited as the avenue for raising concerns and is accessible in local languages.

As part of the Lendlease's Funds Management Platform, this is also utilised by APPF Retail.

# Assessing the effectiveness of actions taken



During the reporting period, Lendlease's supply chain portal microsite was upgraded with tools and content including the Modern Slavery Guide with supporting communication broadcast by Lendlease's Group Chief Executive Officer and Managing Director across its 10,800 employees.

APPF Retail has access to this information and is able to adopt the resources and content across its operations.

#### Collaboration

Third party feedback on APPF Retail's effectiveness in assessing its modern slavery risk is an area that is in development, and expected to progress in FY2021.

APPF Retail's engagement with institutional investors, analysts and industry working groups provide valuable insights and knowledge exchange to promote positive change and further targeted action.

APPF Retail is also mindful of its capacity to positively influence tenants occupying its assets, through engagement initiatives that raise awareness of modern slavery risks to facilitate good and lawful labour practices in their operations.

#### Responsiveness

During the reporting period, APPF Retail did not record any reports regarding modern slavery or labour rights concerns through Ethics Point.





## Consultation process in preparing this Modern Slavery Statement



APPF Retail's response to modern slavery risk mitigation is led by a dedicated Working Group within Lendlease's Funds Management Platform (Lendlease Funds Management Modern Slavery Working Group). This Working Group comprises a cross-section of senior leaders and experts in legal, operations and sustainability experts. The Working Group regularly consults with Lendlease's Group Supply Chain function within which sits a dedicated risk team coordinating Lendlease's response to modern slavery risk mitigation.

In preparing this Statement, fund managers, property managers, and members of the Board of LLREIL 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 and through briefings to the Board of LLREIL.

APPF Retail has also participated in Lendlease's Australian Modern Slavery Community of Practice, 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 section 6 of the [Lendlease Modern Slavery Statement FY2020](#) for further details.

There has also been consultation with a range of personnel who operate across the entities covered by this Statement.

## Other relevant information

In FY2021, areas of focus will include tenant education, property management and awareness on modern slavery, continuing integration of modern slavery clauses in supplier contracts, leases and other template contracts, as well as maintaining engagement with the Lendlease Funds Management Working Group.



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:



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Director name: Scott Mosley

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Date\*: 25 March 2021

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