

# Progressing Transparency

Modern Slavery Statement

Australian Prime  
Property Fund  
Commercial Passive

**Financial Year  
2022**



# Contents

Introduction	4
Identifying the reporting entities	5
Structure, operations and supply chains	6
Modern slavery risks in operations and supply chains	10
Actions taken	14
Remediation	21
Assessing the effectiveness of actions taken	22
Consultation process in preparing this Modern Slavery Statement	23
Other relevant information	24



## Acknowledgement of Country

As an owner of assets on land across Australia, we pay our respects to the traditional owners, especially their elders past and present, and value their custodianship of these lands.

# Introduction

This Modern Slavery Statement (Statement) is made by Australian Prime Property Fund Commercial Passive (APPFC Passive) (formerly known as Australian Prime Property Fund Commercial) for the Financial Year ending 30 June 2022.

APPFC Passive is a core wholesale unlisted property trust. Established in 1994, the fund invests in prime commercial properties across Australia. Its unitholders comprise of various institutional investors.

APPFC Passive is part of the Funds Management Platform of Lendlease and has appointed Lendlease Real Estate Investments Limited (LLREIL) as its trustee. 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.

In May 2022, the fund was restructured – its name was changed from “Australian Prime Property Fund Commercial” to “Australian Prime Property Fund Commercial Passive”, LLREIL became the trustee (and not trustee and responsible entity) of APPFC Passive, and it was stapled to a new fund known as Australian Prime Property Fund Active (APPFC Active). LLREIL is also the trustee of APPFC Active.

APPFC Passive and APPFC Active together form the registered management investment scheme known as Australian Prime Property Fund Commercial.

As the trustee, 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 trustee of APPFC Passive, 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.

This Statement therefore cross references the [Lendlease Group Modern Slavery Statement FY22](#).



## Identifying the reporting entities

APPFC Passive is the reporting entity for purposes of section 13 of the *Modern Slavery Act 2018* (Cth).

This Statement has been prepared by LLREIL on behalf of APPFC Passive. It covers the entities listed in the table on the right, being entities which APPFC Passive controls. None of these entities are themselves reporting entities.

The reference to “APPFC Passive” in this Statement is a reference to APPFC Passive and the entities cited in the table on the right.

The registered office of APPFC Passive is:

Level 14, Tower Three,  
International Towers Sydney  
Exchange Place  
300 Barangaroo Avenue  
Barangaroo NSW 2000

All financial numbers are in Australian dollars.

### Entities controlled by APPFC Passive

Lendlease (Melbourne Quarter-C1) Pty Ltd

Lendlease (Daramu House) HeadCo Pty Ltd

APPFC Commercial Finance Pty Limited

Australian Commercial International Towers Sydney Investment Trust

Woods Trust

Roma Street Trust

Melbourne Quarter C1 Trust

APPFC Victoria Cross Trust

La Trobe Street Head Trust

La Trobe Street Trust

1 Farrer Place Trust

APPFC Passive is a core wholesale unlisted property trust. It comprises a high-quality portfolio of 21 predominantly premium and 'A-Grade' assets covering a total of 788,400 square metres of net lettable area.<sup>1</sup>

# Structure, operations and supply chains

**Structure**

The structure of APPFC Passive is described in the Introduction to this Statement and shown diagrammatically on this and the adjoining page.

**Operations**

APPFC Passive's operations involve the acquisition, management, leasing, administration and disposal of commercial real estate assets.

The operations are undertaken by a team of investment managers, in-house and external legal teams as well as fund managers, transaction managers, finance professionals and an external property manager.

APPFC Passive treat ESG factors as an integral part of the fiduciary and stewardship responsibilities of

managing the portfolio and has had a Responsible Property Investment strategy in place since 2009. APPFC Passive 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 lens that APPFC Passive embarks on social risks 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 APPFC Passive's operations and supply chains.

- Lendlease (Melbourne Quarter-C1) Pty Ltd
- Lendlease (Daramu House) HeadCo Pty Ltd
- APPFC Commercial Finance Pty Limited
- Australian Commercial International Towers Sydney Investment Trust
- Woods Trust
- Roma Street Trust
- Melbourne Quarter C1 Trust
- APPFC Victoria Cross Trust
- La Trobe Street Head Trust
- La Trobe Street Trust
- 1 Farrer Place Trust

**\$6.9b**  
premium commercial property portfolio across Australia FY2022<sup>1</sup>



International Towers Sydney, Barangaroo



Darling Quarter, Sydney



Two Melbourne Quarter, Melbourne



1 Farrer Place, Sydney

1. As at 30 June 2022.



# Supply chains

An external property manager is engaged under a Property Management Agreement (PMA) for each commercial building. Pursuant to each PMA, the property manager manages amongst other things, procurement, repairs and maintenance as well as providing leasing and lease administration services.

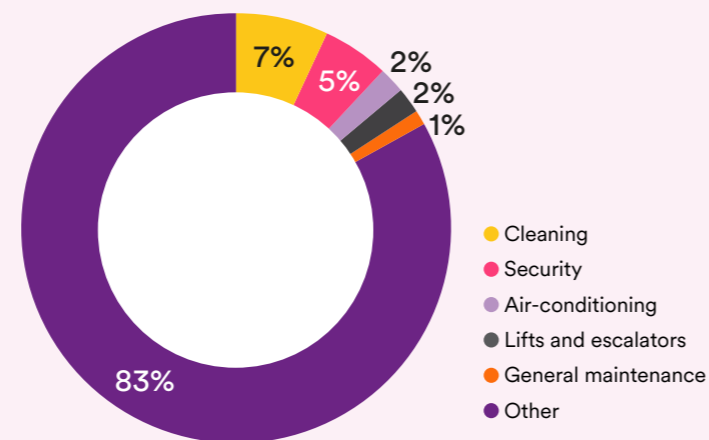
It typically enters into service, maintenance and supply contracts as agent for LLREIL. The property manager is responsible for establishing and maintaining an operational framework, including processes and systems, in providing property management services.

The external Property Management Agreements contain a comprehensive modern slavery clause. That clause, amongst other matters, requires the Property Manager to:

- Maintain policies to identify modern slavery risks in their operations and supply chains
- Comply with Lendlease’s policies regarding modern slavery
- Not engage in modern slavery
- Notify Lendlease if it becomes aware of an occurrence or risk of Modern Slavery
- Certify to the Fund that, amongst other matters, it has complied with their obligations regarding modern slavery under the Property Management Agreement

The following graph shows the annual spend breakdown of the top 5 supply chain categories by value. Cleaning holds the highest share, followed by security, air-conditioning, lifts and escalator maintenance services as well as general maintenance.

### Top 5 national spend categories FY2022



# Impact of COVID-19

APPFC Passive team continues to prioritise the health and wellbeing of all who interact with them.

Despite challenges due to the pandemic, APPFC Passive’s supply chains overall continued to remain resilient, though transport logistics did impact timelines. Further details are provided in the ‘Actions Taken’ section on page 14 of this Statement.

The Lendlease Annual Report 2022 sets out the impacts of COVID-19 on our operations. Lendlease expects subcontractors, consultants and suppliers to comply with government public health advice and guidance.

APPFC Passive encourages subcontractors to develop a risk management plan that addresses the potential impact of COVID-19 on their workforce, workplace and supply chain. We also continue to work closely with our clients on the best ways to support our employees, subcontractors, and suppliers.

Management continues to monitor the performance and sustainability of all tenants businesses working with them and our key supply partners.





Artist's impression

## Applying Principle 17 of the UN Guiding Principles

APPFC Passive has begun considering its modern slavery risks in terms of how they may either be caused by, contributed to, or directly linked with its operations.<sup>2</sup>

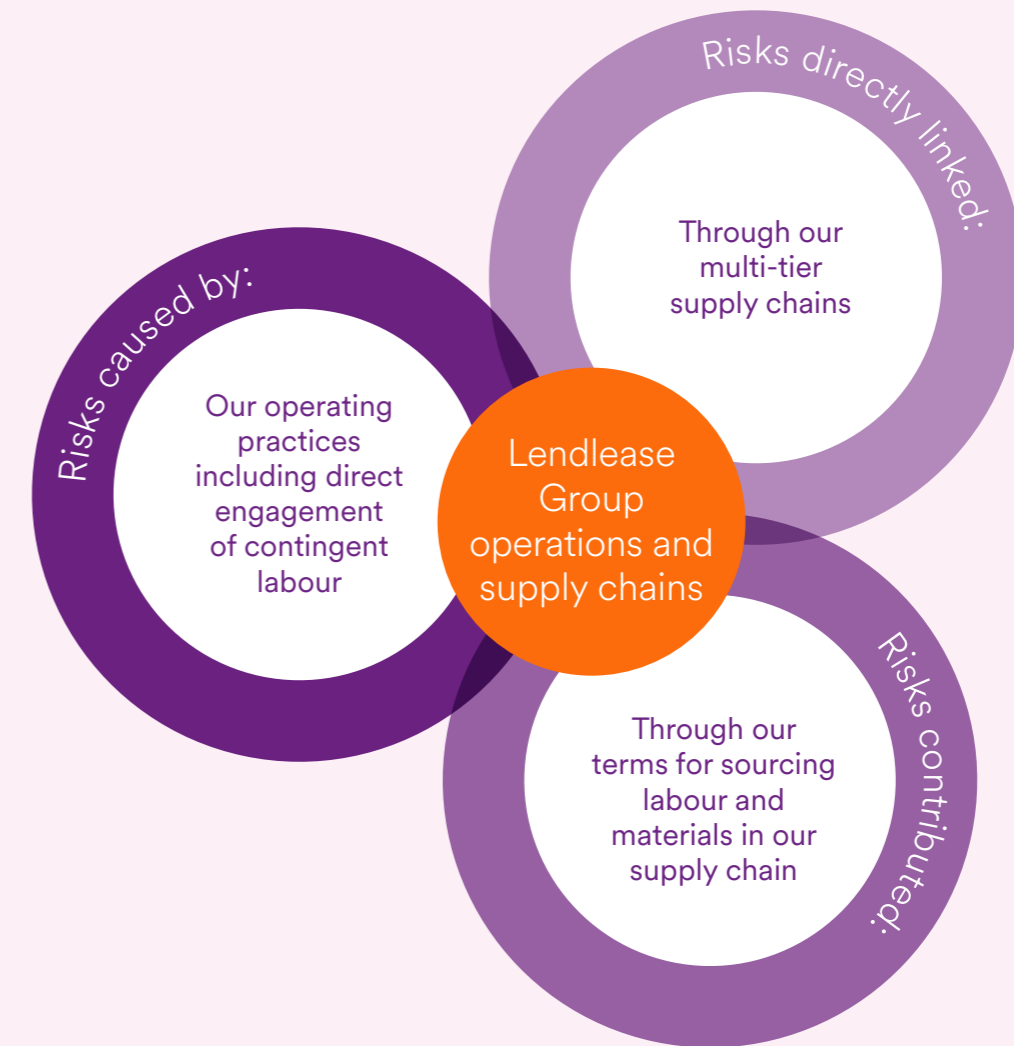
APPFC Passive comprehensively responds to these risks across all its direct operations through [Lendlease's Supplier Code of Conduct](#) and the [Lendlease Global Minimum Requirements Framework](#). All suppliers and their supply chains are required to observe these policies.

Representatives from APPFC Passive participate in a range of industry initiatives such as modern slavery awareness sessions through the Property Council of Australia to understand key supply chain risks for

portfolio assets. Our priority focus has been on identifying suppliers using temporary migrant, low-skilled and semi-skilled casual workers as well as providers of sub-contracted labour, specifically calling out cleaning and security contracts.

APPFC Passive is committed to taking action to address modern slavery risks by collaborating with industry groups and peers on systematic changes to contracting practices to mitigate these risks.

## Understanding modern slavery risks



APPFC Passive has adopted the approach taken by Lendlease as shown in the diagram above to consider the modern slavery risks that may exist in its operations and supply chains.

Informed by Principle 17 of the [UN Guiding Principles](#), the above graphic sets out our interpretation of where our modern slavery risk lies namely – in the direct contracted labour engaged on our properties, and indirect labour engaged in the supply chains of the materials we procure.

APPFC Passive have adopted this approach, as set out in the [Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities \(page 40\)](#). This graphic maps the interactions and dependencies of the key modern slavery risks in operations and supply chains and is informed by:









- Desktop research and risk analysis from a range of third-party sources including, in-house research, third party risk intelligence insights, government data, industry and NGO research insights
- Supplier engagement
- Insights from the Lendlease FY21 supply chain audit program
- Engagement with expert stakeholders through industry and multi-stakeholder initiatives

<sup>2</sup> UN Guiding Principles: Principles 13 and 17 - relate to Human Rights Due Diligence, which involves assessing and responding to adverse human rights impacts arising from the activities and relationships of a business across its operations and supply chains.

# FY22 modern slavery risks in our operations supply chains and controlled subsidiaries

The following table maps out the Lendlease intersections between modern slavery risks and key supply chain risks. It is informed by operational insights from the businesses and in-house desktop analysis drawn from a range of third-party sources including: industry sector/category benchmarking, external risk bureaus intelligence, media reports, government insights e.g. US Department of State 'Trafficking in Persons' Country Reports, US Customs and Border Protection 'Forced Labour Reports', 'Withhold Release Orders and Findings List', as well as International Labour Organisation data (forced labour), academic, ESG and human rights NGO research. APPFC Passive has drawn on this analysis to understand its own specific modern slavery risks. Highlighted below are the risks that directly affected our business.

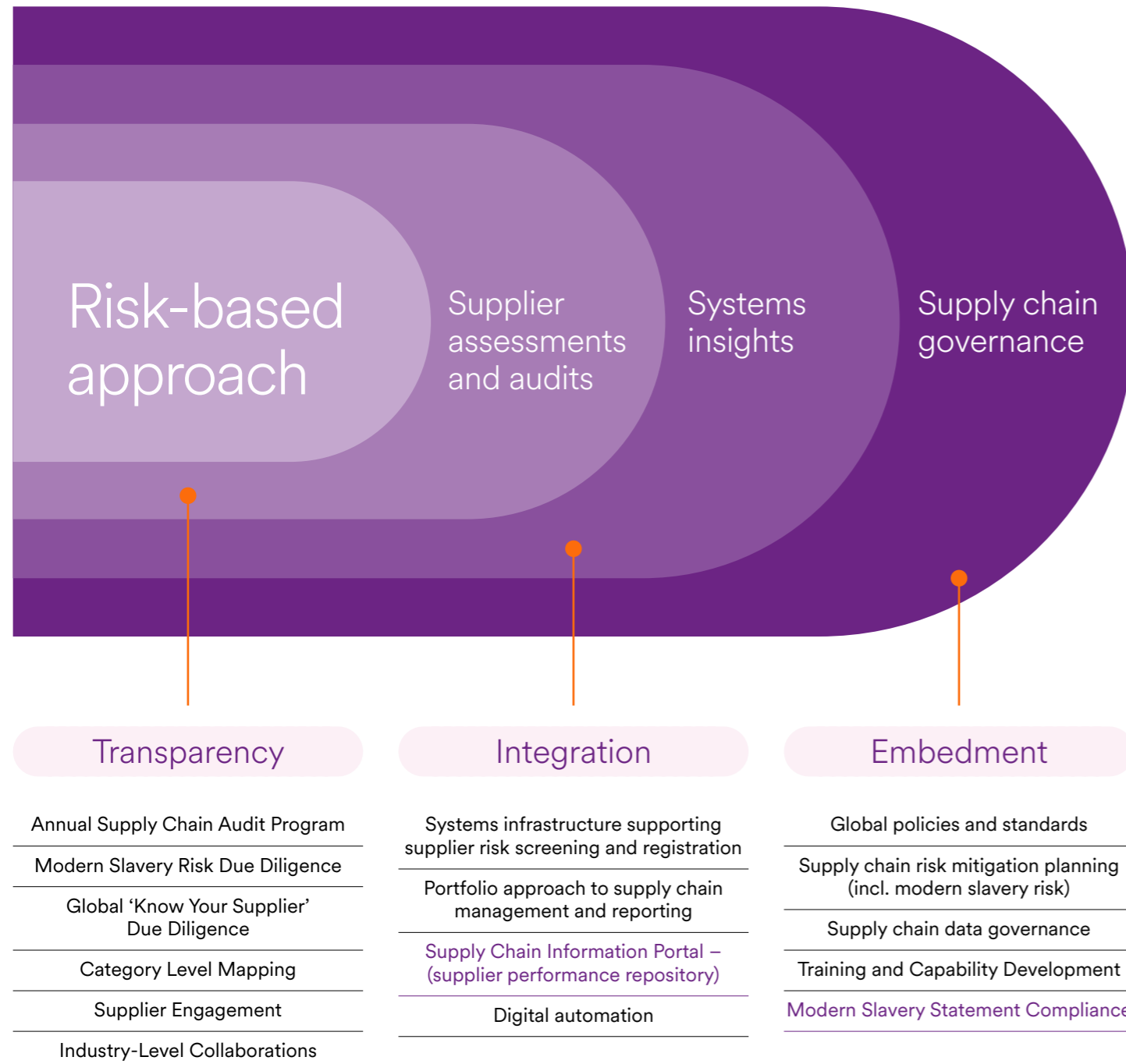
Due to COVID-19 infections, consequent lockdowns and isolation requirements, indirect labour in our supply chain has been impacted. Direct labour and our contracted workforce around soft services in asset operations including commercial cleaning, security services, landscaping and maintenance. Additionally, transport and logistics delays has had a secondary impact in the flow and cost of materials sourcing.

Risk dimension	Modern slavery risk concern	Our operations	Supply chain risk
 Geopolitical	<ul style="list-style-type: none"> <li>Ranging from unpredictable conflict situations to trending market shifts, impacting tariff structures, supply surety and commodity price volatility</li> <li>Ukraine conflict and knock-on effects of sanctions</li> <li>Knock-on effect on interruptions to secure labour supply, suspensions of supplier operations</li> <li>Reduced visibility on labour practices</li> <li>Undocumented vulnerable workers escaping conflict</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> </ul>	Overseas sourcing of construction structural materials, steel, concrete, glazing/façade, mechanical plant from geographies with elevated human rights risks.
 Indirect labour – supply chain	<ul style="list-style-type: none"> <li>Labour engaged in making materials and products</li> <li>Sourcing materials from 'high risk' geographies, with the potential for forced labour, child labour, debt bondage practices, conflict minerals</li> <li>Lack of operational control in multi-tiered manufacturing sub-supply chains for pre-assembly components</li> <li>Contracted production facilities in high-risk geographies using contracted labour which may not meet required labour standards or social protections</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> <li>Corporate Operations</li> </ul>	Construction materials and office consumables e.g. plumbing, electrical, mechanical components, masonry, tiles, sanitaryware, raw materials, soft furnishings/textiles, marketing, merchandising, IT hardware, corporate uniforms and personal protective equipment, sourced from geographies with elevated human rights risks and/or unscreened suppliers.
 Direct labour – contracted	<ul style="list-style-type: none"> <li>Contractors and trades/sub-contractors engaging labour recruited through labour hire providers</li> <li>Direct engagement of casual labour/self-employed contractors, without appropriate risk screening process</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> <li>Corporate Operations</li> </ul>	<p><b>Investments:</b> Soft services in asset operations: commercial cleaning, security services, landscaping, maintenance.</p> <p><b>Development:</b> offshoring engineering services, design documentation administration, architectural rendering.</p> <p><b>Construction:</b> Use of low skilled, temporary migrant workers, third party contractors to trades such as tiling, gyprocking, galvanizing, manual labour, construction cleaning.</p> <p><b>Corporate Operations:</b> IT support and offshore business support services, catering and hospitality.</p>
 Transport/ logistics	<ul style="list-style-type: none"> <li>Disruptions to docking, crew changes and sanitation certification for shipping crews (due to COVID-19 movement restrictions)</li> <li>Shift change/overtime arrangements and pay levels for casual workers</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> </ul>	This is indirectly through installers and distributors in their importation, distribution and delivery of materials for internal finishes and plant, electrical and hydraulic components to site.
 Informal economy	<ul style="list-style-type: none"> <li>Potential for worker exploitation, excessive hours, undocumented employment/pay arrangements, which can also leave sub-contractors unpaid, when the employer becomes insolvent</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> </ul>	Use of third party contracted trades, ad hoc engagement arrangements operating under competitive margins/tight timeframes.
 Climate change equity	<ul style="list-style-type: none"> <li>Displaced labour from weather extremes reducing livelihoods and potentially increasing labour rights risks and associated systematic depletion of natural resources e.g. timber</li> <li>Potential for disrupted job security, informal employment, exploitation of migrating undocumented workers</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> </ul>	<p>Disrupted materials supply and price volatility.</p> <p>Asymmetrical information on mitigation of labour rights risks for certified building materials e.g. timber and labour used in carbon offset products.</p> <p>Disrupted availability of construction labour.</p> <p>Displaced manual workforce in transition to low carbon supply chain.</p>
 Pandemic	<ul style="list-style-type: none"> <li>Shutdowns and travel restrictions delaying materials deliveries and labour availability</li> <li>Challenges with on-site supply chain audit transparency</li> <li>Reduced visibility of labour practices in high risk geographies</li> <li>International travel restrictions preventing on-site labour audits of offshore suppliers or returns to/from home for migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> </ul>	<p>Tenancies – extended lockdowns impacting leasing arrangements and job security of small tenant casual workforce.</p> <p>Labour rights risks for workers operating high volume urgent production runs of protective and sanitary items e.g. personal protective equipment/sanitiser consumables.</p> <p>Labour shortages from COVID isolation requirements.</p> <p>Shutdowns and travel restrictions delaying materials deliveries and construction program.</p> <p>Construction worker transport and accommodation arrangements.</p>
 Inflation	<ul style="list-style-type: none"> <li>Worker incomes at risk or unpaid due to insolvencies</li> <li>Economic risk and uncertainty to local livelihoods, exacerbating poverty risk</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Development</li> <li>Construction</li> </ul>	<p>Disruptions to supply surety/supplier operations – price increases and higher delivery costs.</p> <p>Financial impacts to asset operations.</p>

# Actions taken

Lendlease’s enterprise supply chain risk management framework provides the guardrails to systematically respond to modern slavery risks.

## FY22 supply chain risk framework



Lendlease’s supply chain risk framework is structured to respond to its modern slavery risks with the robustness of governance, risk planning and capability development, integrated system support, tools and standards, as well as evaluative insights through targeted supplier assessments and audits.

The framework further evolved during the reporting period to reflect additional activities as highlighted in purple in the graphic below. APPFC Passive also uses this framework in its own efforts to address modern slavery risks.

APPFC Passive also accesses the following policies of Lendlease which respond to modern slavery risks across its direct operations including:

Key Lendlease policies	Description	Span of operation
<a href="#"><u>Group Environment Health and Safety Policy</u></a>	Sets up oversight and management of Environment Health and Safety and embedment of Global Minimum Requirements.	Global
<a href="#"><u>Lendlease Global Minimum Requirements (GMRs)</u></a>	The GMRs operate as our minimum Environment Health and Safety standards for how we operate anywhere in the world. All suppliers and their supply chains are required to observe these policies when working on our projects.	Global
<a href="#"><u>Supplier Code of Conduct</u></a>	Sets out our expectations of our third-party suppliers, consultants and contractors (Suppliers).	Global
<a href="#"><u>Group Conduct Breach Reporting Policy</u></a>	Enables employees (including their families), contractors, suppliers and agents to speak up and report illegal or improper conduct occurring in the Lendlease business, including behaviour that does not accord with our Core Values, Employee Code of Conduct or Supplier Code of Conduct.	Global
<a href="#"><u>Diversity and Inclusion Policy</u></a>	Sets out Lendlease’s commitment to workplace diversity and inclusion and conveys goals, measures and management approach.	Global
<a href="#"><u>Anti-Bribery Anti-Corruption Policy</u></a>	All Lendlease directors, employees and third parties are to observe all applicable anti-bribery and anti-corruption legislation wherever they operate and requires third parties, including suppliers, to have undergone compliance processes for screening and due diligence checks.	Global



The full suite of policies may be found in the ‘[Governance](#)’ and ‘[Supply Chain](#)’ sections of the Lendlease website.



Our progress on supply chain transparency was driven by four focus areas



**Embed policies, processes and standards**

Progress integration of modern slavery risk mitigation measures across our operations

**Supply chain insights**

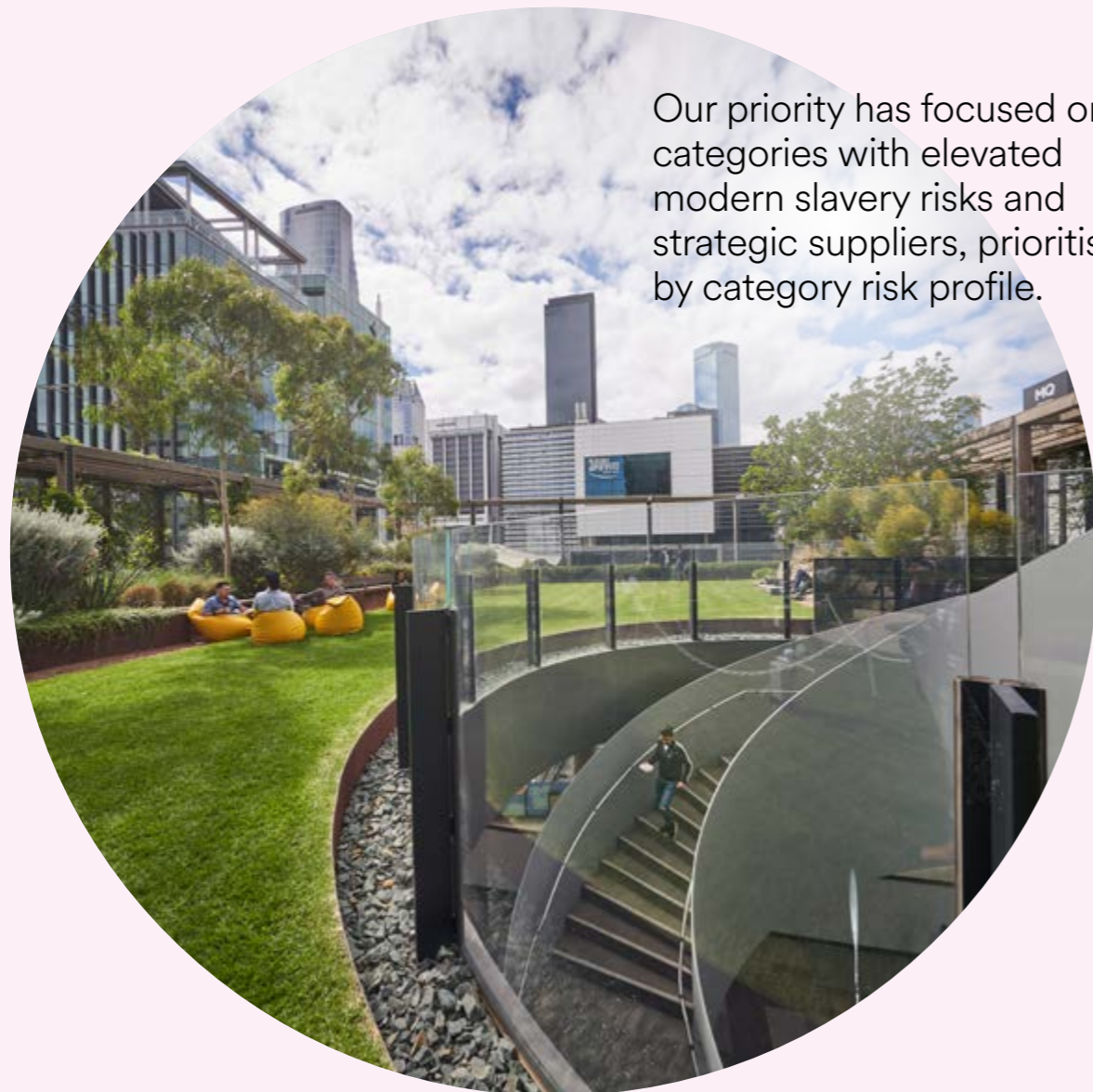
Progress analysis to extend line of sight of modern slavery risks deeper into our supply chains

**Supplier performance**

Establish measures to assess performance and inform capacity building support, in tackling modern slavery risks with suppliers

**Engagement and training**

Progress training across our operations and engage in multistakeholder dialogues to support industry responses to modern slavery risks



Our priority has focused on categories with elevated modern slavery risks and strategic suppliers, prioritised by category risk profile.



**Embed policies, processes and standards**

**Supply Chain Management Policy**  
APPFC Passive adopted the rollout of Lendlease’s global Supply Chain Management Policy, that establishes minimum standards for enterprise-wide governance and management of its supply chain, including the embedment of processes and tools e.g. Supplier Code of Conduct, Supplier Portal and foundational principles for sustainable procurement.

The supporting Standard was also rolled out, developed to guide in the implementation of the Policy.

**Modern slavery risk mitigation action planning**  
Enterprise-level modern slavery risk mitigation planning is a core activity, integrated within the newly created Responsible Sourcing role of the global Supply Chain team. APPFC Passive leverages the approach Lendlease takes to how it:

- Analyses and understands its modern slavery risks
- Integrates supporting systems processes, policies and procedures around supply chain risk, including modern slavery risk into our operations

- Risk assesses suppliers through due diligence questionnaires, targeted supply chain audits, as well as working with direct suppliers to tackle modern slavery risks on our projects/high risk trades categories, monitoring of supplier performance, building supplier and project team capacity
- Engages with external stakeholders – be they regulators, academia, civil society and/or industry groups

During FY22, the governance of regional Modern Slavery Communities of Practice (MSCoPs) was enhanced with regional Directors of Operations providing localised sponsorship and support, APPFC Passive is a participant in the Australian MSCoP. Refer to the ‘Consultation Processes’ section on page 23 for further details.

**Modern slavery template contract clause**  
The inclusion of template modern slavery risk contract clauses into key template supplier contracts was completed and operational in FY22.

**Code of conduct – retail**  
During FY22 the Shopping Centre Council of Australia (SCCA) and Building Service Contractors Association of Australia (BSCAA) have been developing a new code of conduct to replace an earlier version (adopted in 2012) to consolidate and reflect changes in:

- New and emerging industry practices
  - Government regulation
  - Shopping centre cleaning requirements and practices
  - Public/community assurance and industry commitments
  - Government public health messaging
- Once the code of conduct is finalised, APPFC Passive will progressively implement and adhere to the new code of conduct.

**The Cleaning Accountability Framework certification**  
Through our membership with the Cleaning Accountability Framework (CAF) we are currently in the process of becoming CAF certified. CAF Certification is a world-leading scheme that educates and empowers all tiers of a supply chain to monitor and enforce good labour conditions. CAF Certification is recognised globally as one of the few effective worker-driven due diligence schemes, and in Australia as an anti-slavery mechanism.

In addition to CAF certification, all cleaning contracts for our assets specify a requirement to follow the CAF Principles.



## Supply chain insights



Given the increasing confluence of social and environmental risks, sourcing due diligence is taking a more holistic approach to integrate Lendlease's Mission Zero aspirations.

### Responsible sourcing due diligence framework

In response, an enterprise-level Responsible Sourcing Due Diligence Framework was developed to examine a high priority supplier and service providers in four ways as shown in the diagram below.

### Supplier Portal Registrations<sup>3</sup>

During the reporting period, an additional 1,095 suppliers were registered and screened through the Supplier Portal. This takes the total number of suppliers registered for Australia since inception of the Portal in FY21 to just under 4,457.

The information captured through the Supplier Portal contributes to an aggregated view of a supplier's risk profile which is progressively being made accessible to Lendlease employees to better inform procurement decision making through our Supply Chain Information Portal.

### Supply Chain Information Portal (SCIP)

SCIP is an in-house system for surfacing supplier performance information to enable businesses to make informed procurement choices and includes risk screening information.

SCIP was launched and training to use the system has been under way. APPFC Passive has access to this system.

### Responsible sourcing due diligence framework



3. Figures referred to in this paragraph relate to Lendlease Australia of which APPFC Passive is a part



## Supplier performance

APPFC Passive continued working with Lendlease to improve supply chain transparency through the combination of:

- Lendlease modern slavery due diligence questionnaires
- Property Council of Australia Modern Slavery Supplier Platform which includes a modern slavery (informed365) due diligence questionnaire

### SINE - Contractor Induction Tool

SINE is used to induct, cross-reference contractor responses against the pre-qualification tool (CM3) and to manage key allocation for all contractors in to the assets. There is a requirement for all contractors to sign in when attending

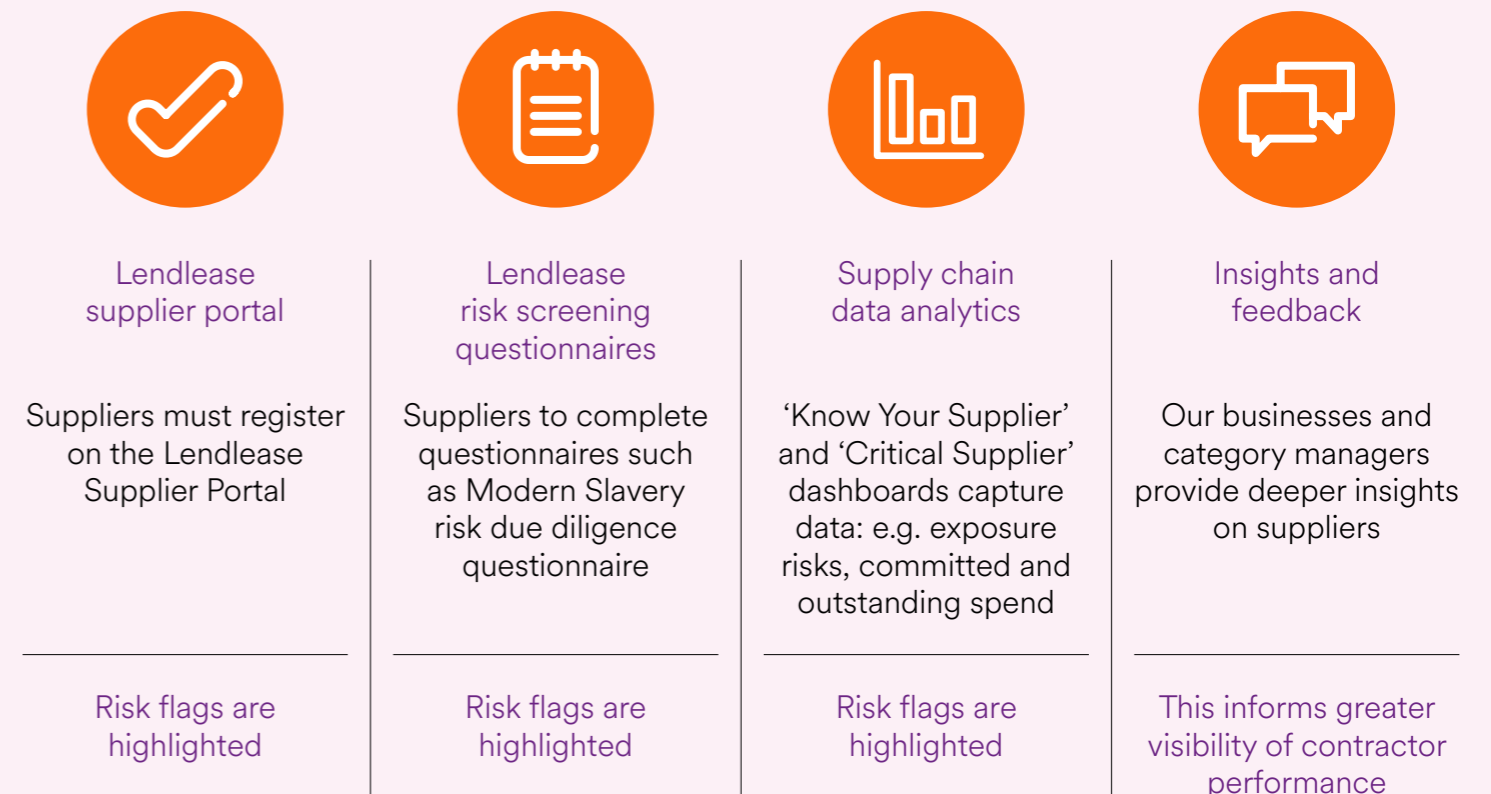
our sites as part of the end-to-end vendor management. SINE allows the tracking of labour arrangements in accordance with the contractors' respective fatigue management policies' and ensure that designated workers are vetted when attending site.

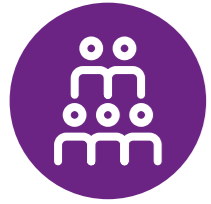
### Equifax Assessments

Periodic assessments are conducted on selected contractors which flags risks on contractor financials based on a rating system. We consider this as a potential indicator of elevated risk to workers' job arrangements and paid entitlements. If the assessment rating is below our tolerance risk threshold we would not engage the contractor.

The graphic below shows Lendlease's approach to how our suppliers are screened, and the spectrum of labour rights risk that may exist are identified.

### APPFC Passive risk-based approach





## Engagement and training

### Industry engagement

Most notable activities have included:

- Participation in the **Property Council of Australia Modern Slavery Working Group**, which included:
  - Analysis of modern slavery due diligence data insights from the Property Council of Australia Supplier Platform
  - Contribution to the development of industry guidance on good practice grievance management measures “*Listening and Responding to Modern Slavery Property and Construction*” (launched in July 2022)
  - Participation in a research project with the University of Melbourne on modern slavery risk mitigation practices in the Australian property and construction industry
  - Industry-level knowledge sharing and capacity building on good practice disclosures for modern slavery risk reporting
- Membership of the **Cleaning Accountability Framework (CAF)** which has included:
  - Participation in CAF Portfolio Certification working group
  - Participation in CAF Modern Slavery working group
- Membership of the **Shopping Centre Council of Australia (SCCA)** which has been developing a new code of conduct. Refer to page 17 for further details.
- Insights shared from Lendlease Group Membership of the **UN Global Compact Network Australia – Modern Slavery Community of Practice** which included, good practice knowledge sharing and capacity building activities

Lendlease is supportive of employees of suppliers being engaged in relevant unions.



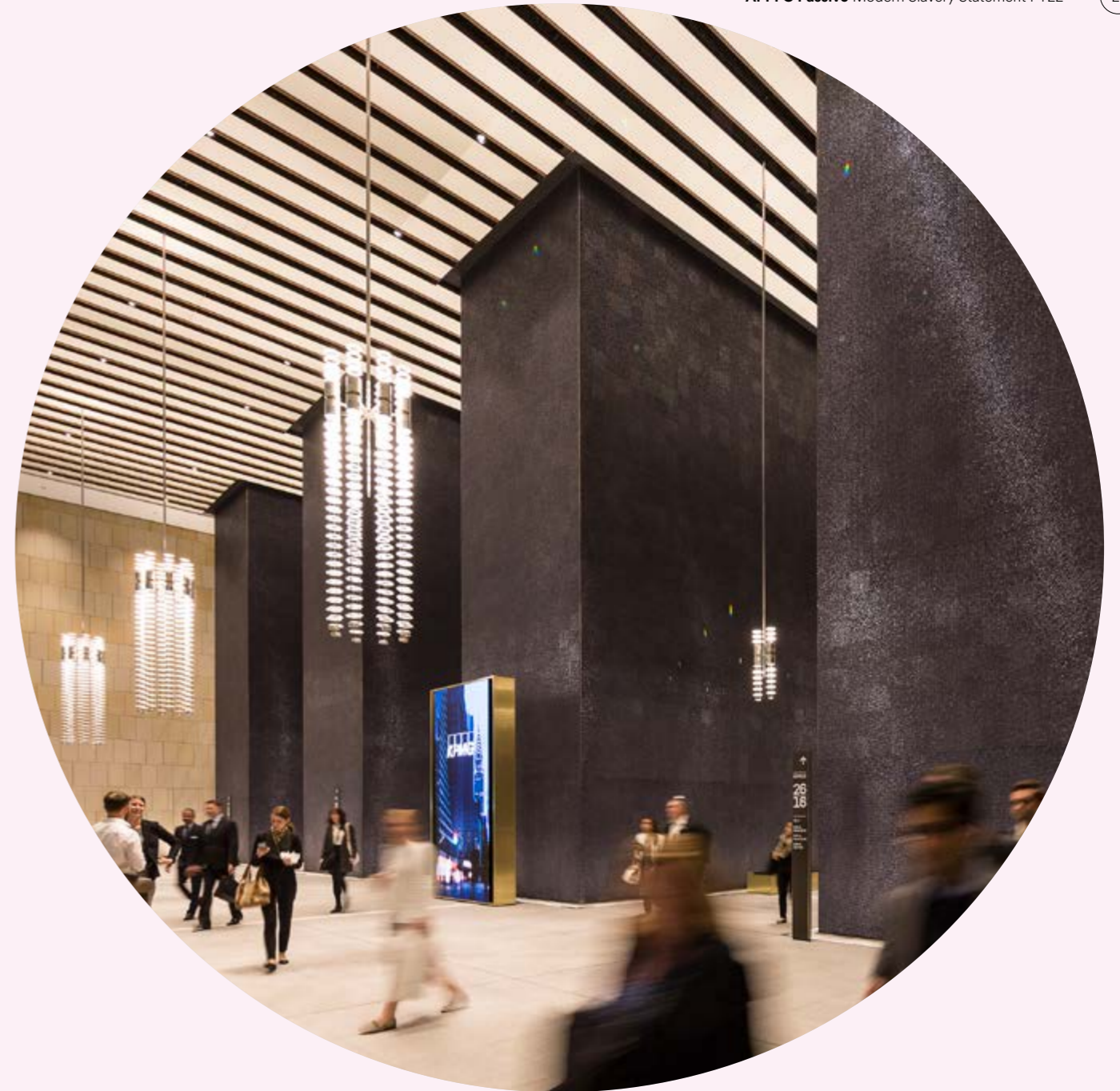
### Training

APPFC Passive employees were able to access the Lendlease global modern slavery e-learning training module during FY22. This progressed to mandatory completion to bolster completion levels for targeted roles such as people managers, commercial managers and operations managers. A voluntary rollout was implemented to key external property stakeholders.

This is being tracked through the Lendlease enterprise learning system.

E-learning training was supplemented with:

- Modern Slavery awareness raising posters across our commercial sites. The posters have a QR code which directly connects to **Ethics Point** a third party grievance management system



## Remediation

APPFC Passive is also asking its suppliers through its modern slavery risk due diligence processes, what measures they have in place for non-retaliatory grievance mechanisms and remediation.

APPFC Passive will participate in Lendlease’s efforts to refine its management approach during FY23, including considerations for alignment with Principle 22 (Remediation) as set out in the **UN Guiding Principles**.

### Ethics point

Lendlease’s global platform for confidentially logging concerns around improper conduct, is cited on all modern slavery information posters in multiple languages, toolbox talks and accessible on the Lendlease website. APPFC Passive has access to this facility.

During the reporting period, no reports were logged regarding modern slavery or labour rights violations for APPFC Passive through Ethics Point, nor through other channels as far as we are aware.

# Assessing the effectiveness of actions taken

APPFC Passive defines the effectiveness of its approach to modern slavery risks through:



## Prevention

By making supplier risk assessments routine



## Responsiveness

By ensuring that the consequence management responses appropriately address modern slavery risk concerns



## Collaboration

By engaging in open dialogue from a range of stakeholder viewpoints

### Prevention

The APPFC Passive focus has been on establishing and embedding policies, guides, systems and tools, there was significant effort in change management and communication support across our operations.

### Effectiveness of management approaches

The reporting period builds on the foundational structural elements of previous years through:

- Streamlining our modern slavery risk governance, and risk mitigation framework
- Continuing to require suppliers to complete the Property Council of Australia Modern Slavery Supplier Platform (informed365) due diligence questionnaire
- Integrating modern slavery risk as part of a responsible sourcing due diligence approach

- Leveraging supply chain risk data to provide targeted risk 'dashboard-style' regional intelligence to inform of pricing and other surety of supply volatilities for projects in delivery

- Implementation of risk control measures to address issues identified out of Lendlease's FY21 audit program for continuous improvement across our operations

- Targeted supplier engagement to address corrective actions identified

The ongoing use of third-party risk intelligence services continues to provide effective insights in identifying potential supply chain risk issues and implementation of targeted risk controls.

### Responsiveness

During the reporting period, APPFC Passive did not receive any reports regarding modern slavery or labour rights concerns.

### Collaboration

During the reporting period, APPFC Passive continued to engage with industry working groups such as the Property Council of Australia and the Cleaning Accountability Framework, property managers, institutional investors and Lendlease's Australian Modern Slavery Communities of Practice, providing valuable insights and knowledge exchange to promote positive change and further targeted action.



## Consultation process in preparing this Modern Slavery Statement

In preparing this Statement, fund managers and property managers have been engaged in considering modern slavery risk issues, actions being taken to mitigate those risks and reporting requirements.

This has been done through the adoption of systems and processes, which were developed and implemented by Lendlease's Group Supply Chain function.

APPFC Passive also participates in Lendlease's Australian Modern Slavery Community of Practice, which has cross-functional representation across Lendlease in Australia that includes APPFC Passive's operations and entities.

Representatives include sustainability, supply chain, risk, legal, and operations functions from Lendlease's construction, investment and development businesses.

Refer to pages 32 and 33 of the [Lendlease Group Modern Slavery Statement FY22](#) for further details.

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

The LLREIL Board considers and approves the Statement.

# Other relevant information

APPFC Passive was again recognised as one of the world's most sustainable real estate funds in the 2022 GRESB Real Estate Assessment achieving second in Australia high rise core office sector, and globally.

GRESB (Global Real Estate Sustainability Benchmark) is a well regarded benchmark for ESG performance disclosure for real estate owners, asset managers and developers.

Material indicators include policies on social issues such as child labour and human rights, labour standards and working conditions. Social risk assessments also form part of the material indicators.

The Fund holds investments in the International Towers Sydney assets at Barangaroo South via Lendlease International Towers Sydney Trust and Lendlease One International Towers Sydney Trust, which achieved fourth and first place respectively for the Global Office categories and Australia Office Sector (high-rise core).

APPFC Passive maintains strong outcomes in both environmental and social performance within GRESB.

In 2022, the Fund achieved a 5 Star rating which is awarded to entities with GRESB scores placed in the top quintile (20%) of the entire benchmark.

Lendlease has been associated with GRESB for over a decade and is actively engaged in GRESB committees and working groups to advance the benchmark framework that support ESG outcomes in the property sector globally.

GRESB provides an independent and globally consistent standard of measuring ESG outcomes in real estate. Participation in GRESB continues to grow every year. In 2022, there were 1,820 entities that participated, covering nearly 150,000 properties, and representing US\$6.9 trillion in global assets under management.

This Statement is made pursuant to section 13 of the *Modern Slavery Act 2018* (Cth). Development of this Statement has been considered by the Board of Directors.

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

Signed: 

Director name: Vanessa Orth

Date:<sup>4</sup> 8 December 2022

Level 14, Tower Three  
International Towers Sydney  
Exchange Place  
300 Barangaroo Avenue  
Barangaroo NSW 2000  
[www.lendlease.com](http://www.lendlease.com)

