

Modern Slavery Statement

30 June 2022



About this Statement

Our Modern Slavery Statement (Statement) is published in accordance with the Modern Slavery Act 2018 (Act).

This Statement comprises the consolidation of Stockland Corporation Limited (ACN 000 181 733) and its controlled entities and Stockland Trust (ARSN 092 897 348) and its controlled entities (collectively referred to as 'Stockland' 'Group') listed in detail in *Stockland's Annual Report on page 151*. It acts as the policy framework including governance, risk assessment, due diligence and remediation for all Stockland entities and their business activities.

This Statement has been prepared by Stockland's Modern Slavery Working Group and endorsed by Stockland's Board.

The Modern Slavery Statement forms part of our overall Corporate Reporting Suite. The suite includes our Annual Report, Investor Presentation, ESG Reporting Supplements and Corporate Governance Statement. More information on our business and how we operate can be found in our Annual Report.

Consultation with entities

In preparing this Statement, we actively engaged and consulted with the relevant business units and entities which form part of the broader Stockland Group and are controlled by Stockland Corporation Limited and Stockland Trust. This was undertaken through the Stockland Working Group by (i) collaborating with relevant business units, entities and corporate officers to provide an overview of the Modern Slavery Act 2018's reporting requirements, (ii) providing information regarding the actions we intend to take to address these requirements including relevant materials and updates, and (iii) seeking feedback from relevant business units, entities and corporate officers with respect to modern slavery matters. Further details around the process adopted is provided throughout this Statement.

Modern Slavery Act Reporting Criteria

Criterion	Page
Identify the reporting entity	<u>2</u>
Describe the process of consultation with any entities that the reporting entity owns or controls and in the case of a reporting entity covered by a statement under a joint Modern Slavery Statement – the entity giving the Statement	<u>2</u>
Describe the structure, operations and supply chains of the reporting entity	<u>4</u>
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities that the reporting entity owns or controls	<u>11</u>
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	<u>12</u>
Describe how the reporting entity assesses the effectiveness of such actions	<u>16</u>
Any other information that the reporting entity considers relevant	<u>17</u>

From our Chairman and Managing Director & CEO

Dear stakeholders,

At Stockland, our purpose – we believe there is a better way to live – continues to drive our business.

At the heart of our purpose is delivering better outcomes for people and as the COVID-19 pandemic continues to disrupt everyday lives we are reminded of the importance of our employees, partners, customers, tenants, suppliers and their workers. It is important that people feel confident that the places where they work are safe and responsible environments.

Modern slavery is a global issue and we understand our responsibility to prevent, mitigate and remediate the risks of human trafficking, forced, bonded and child labour and to respect human rights in our operations and our supply chain. This is Stockland's third Modern Slavery Statement.

Building awareness through education is a fundamental part of recognising modern slavery risk.

We have a bespoke training module that provides our employees with context of modern slavery. To build capability in our supply chain we commenced sharing the 'Building Links' training module with our construction contractors on sites to raise awareness of Modern Slavery issues in the construction sector.

Our risk assessments and due diligence processes continue to evolve as our knowledge of risk areas improves.

This year we surveyed close to 70% of our direct supply chain spend and expanded our third-party audit of cleaning and security contractors to include our waste contractor.

While there have been some improvements in Modern Slavery awareness there is an opportunity for us to further engage with suppliers on areas such as payroll compliance and subcontracting and encourage suppliers to better understand and investigate their own modern slavery risks.

We are committed to working with our suppliers and the broader industry to combat Modern Slavery and thank them for their collaboration on this complex issue. Thank you to our employees who remain vigilant in their roles and their delivery of a better way to live.



Tom Pockett

Chairman

18 August 2022



Tarun Gupta

Managing Director & CEO

18 August 2022

Our FY22 key actions



Risk assessment

Third year of audits of cleaning and security contractors, scope extended to waste contractors

Read more on [10](#)



Collaboration

Principal contractor collaboration pilot to identify opportunities to enhance supply chain transparency

Read more on [13](#)



Education

Bespoke Stockland modern slavery awareness mandatory e-learning module for all employees

Read more on [13](#)



Effectiveness

Improvement opportunities identified for both Stockland and contractors as part of third party audits

Read more on [13](#)



Due diligence

100% of Category A (high risk, high spend) suppliers surveyed

Read more on [13](#)



Engagement

Over 70% of direct supplier spend engaged on modern slavery

Read more on [13](#)



Governance

Responsibility to review and make recommendations to Stockland's Board in relation to modern slavery was delegated to the reconstituted Sustainability Committee

Read more on [8](#)

About Stockland

'We believe there is a better way to live'

At Stockland, we are driven by our purpose – ‘we believe there is a better way to live’. We are committed to conducting business across our value chain with integrity, to high standards of ethical behaviour, and in line with our values of community, accountability, respect and excellence (CARE).

In accordance with these values, and the UN Guiding Principles on Business and Human Rights, we are committed to respecting and promoting human rights consistent with the International Bill of Rights and the eight fundamental Conventions of the International Labour Organisation.

We have been a signatory to the UN Global Compact (UNGC) since May 2015, supporting the 10 principles of the UNGC on human rights, labour, environment and anti-corruption, and participants of the UNGC Modern Slavery Community of Practice. We also support the United Nations Sustainable Development Goals including ‘Goal 8 – decent work and economic growth’ which includes the commitment to work to eradicate the many forms of modern slavery that exist.

Our structure and operations

Stockland is one of the largest diversified real estate groups in Australia, with \$15.5 billion of real estate assets as at 30 June 2022.

Established in 1952 and headquartered in Sydney, we operate wholly within Australia. We are a company listed on the Australian Securities Exchange, structured as a stapled security, a combination of a unit in Stockland Trust and a share in Stockland Corporation Limited.

Stockland creates communities and whole of life housing solutions across our Masterplanned Communities and Land Lease Communities. We also own, manage and develop leading Town Centres, Workplaces and Logistics centres.

In July 2022, Stockland completed the 100% divestment of our Retirement Living business. This Statement includes our Retirement Living business as at 30 June 2022 which included 58 established villages.

Stockland portfolio

Trust \$10.7bn ¹			Corporation \$2.9bn ²	
Commercial Property			Communities	
Logistics	Workplace	Town Centres	Masterplanned Communities	Land Lease Communities
24%	16%	40%	16%	4%
23 assets	10 assets	23 assets	Over 75,000 lots remaining	33 communities

¹ Net Funds Employed (NFE). Excludes WIP and sundry properties of \$0.5bn.
² Includes NFE of: Masterplanned Communities \$2.0bn, Land Lease Communities \$0.6bn and other assets \$0.3bn

Our workforce

We have a workforce of close to 1,900 people across Australia. A detailed breakdown of our workforce is available in our **ESG Data Pack**.

Employment status at 30 June 2021	Employees
Full time	1,588
• Permanent ¹	1,489
• Fixed term ²	99
Part time	269
• Permanent	250
• Fixed term	19
Casual ³	34
Total Stockland headcount	1,891
Temporary or vendor workforce operating in or part of the business ⁴	46

- 1 Permanent employees are employed by Stockland on a full time (38 hours per week) or part time basis (less than 38 hours per week).
- 2 Fixed term employees are employed by Stockland for a fixed term (their employment has an agreed end date).
- 3 Casual employees are paid on an hourly basis.
- 4 Includes temporary, vendor and Stockland Support Services recorded in internal systems. Does not include third party asset operations and development contractors such as cleaners or security personnel.

Mandatory Employee Modern Slavery Awareness e-Learning

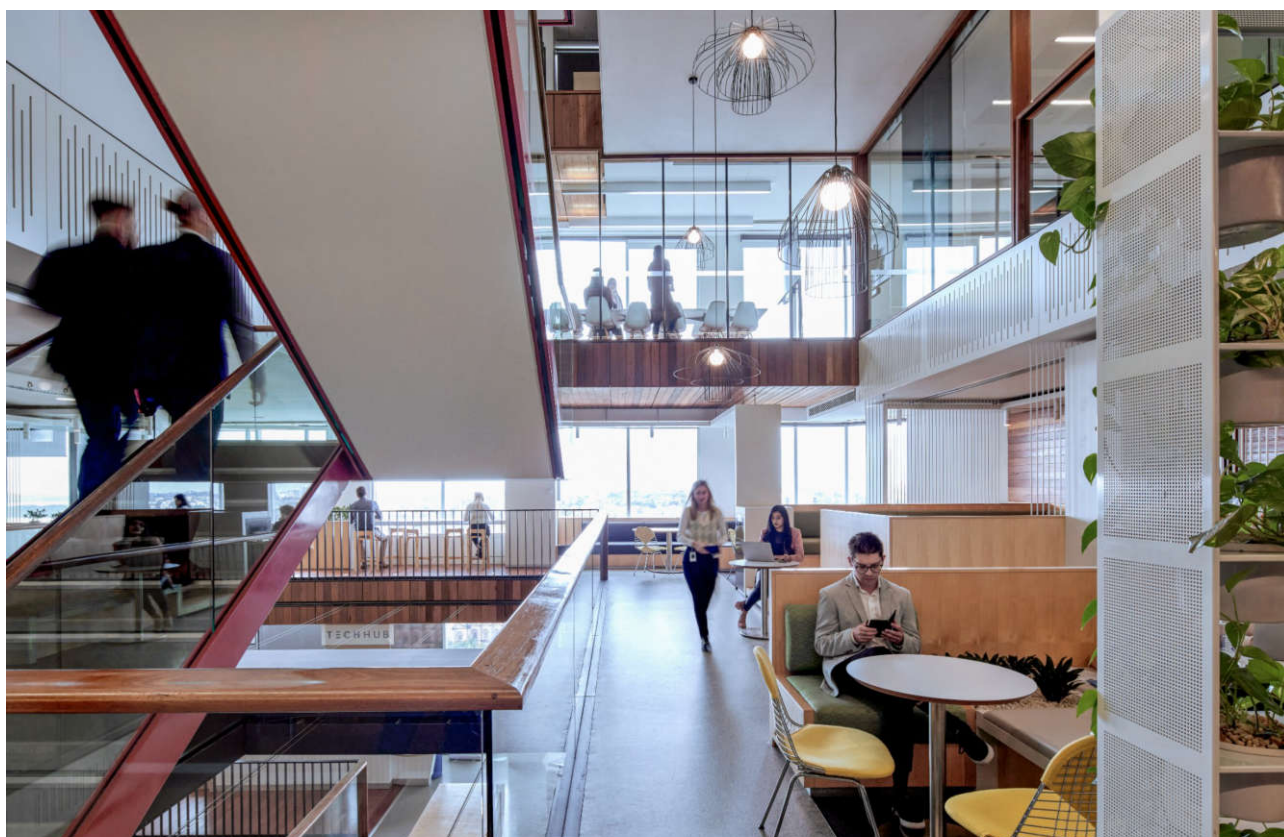
Stockland employees are required to complete our bespoke, in-house modern slavery e-Learning module to help foster positive change towards this issue more broadly. All employees and 70% of our temporary or vendor workforce completed their training.

The module identifies risk indicators of modern slavery using practical scenarios relevant to Stockland's industry sector, products and services. The scenarios demonstrate how Stockland can potentially cause, contribute to, or be directly linked to modern slavery through its extensive operations and supply chains.

In addition, the training details our governance arrangements, including the various escalation and reporting channels for suspected breaches so that incidents, once identified, are directed to the appropriate people who can address them.

Employee Modern Slavery Awareness Training completion rate

100%



Our supply chain

In FY22, we procured over \$1.7 billion of goods and services from over 3,900 direct suppliers. Our diverse range of suppliers includes building contractors (civil and built form), design consultants, information technology, cleaning, security, and waste service providers.

Overall, direct procurement associated with the development of our assets accounts for 62% of annual spend, with the remaining spend on operational procurement (such as building services and management) and corporate procurement (such as office supplies and travel).

Over 99% of this direct spend is to Australian suppliers.

Our suppliers have their own complex and diverse supply chains that can extend beyond Australian borders. This includes having many suppliers of materials or services who in turn rely on many more suppliers, both domestic and international. This extended supply chain has been identified as one of our highest risk areas for modern slavery.

FY22 supplier spend

Category (Excl. Rates & Taxation)	% spend
Spend on development assets	62%
Spend on operations and corporate	38%

Top five FY22 spend categories

Category (Excl. Rates & Taxation)	% spend
Civil construction	33%
Corporate	25%
• <i>IT Equipment</i>	2%
Building	20%
Facilities management	13%
• <i>Industrial cleaning services</i>	2.7%
• <i>Security and safety</i>	1.1%
Professional Services	8%

FY22 procured goods and services

~\$1.7bn

Direct suppliers

>3,900

BUILDING LINKS - ONLINE TRAINING FOR OUR SUPPLIERS

Building Links is an online training tool to assist our suppliers in understanding and managing risks and labour exploitation in the construction sector. The scale and complexity of construction jobs and the rates of subcontracting mean the sector has a higher exposure to modern slavery risks.

The short modern slavery presentation highlights how workers could be exploited in the construction industry. By being aware of key indicators of exploitation, we are asking our contractors to consider what checks and balances they may need on site. The presentation was issued to our construction contractors and they were encouraged to incorporate the training into their site induction or toolbox talk process.

The Building Links program is administered by the Anti-Slavery Taskforce. The program provides an avenue for reporting of modern slavery concerns for any workers or organisations impacted by modern slavery by either calling Domus 8.7 directly or using their anonymous Whispli app.

Governance

Governance structure

Stockland’s Board has responsibility for establishing a framework of risk management across Stockland. In FY22, the Board delegated responsibility relating to Modern Slavery from the Risk Committee to the Sustainability Committee under its responsibility to ‘consider the sustainability impacts of Stockland’s business activities including social, environmental, and economic impacts’.

The Committee reviews a wide range of matters environmental, social, and economic risks and opportunities, including Stockland’s human rights related risks and those concerning modern slavery. The Sustainability Committee is chaired by an independent non-executive director and meets at least four times per year. The shift in the mandate will assist in building an integrated view of ESG risks and opportunities across supply chain.

In 2019, we established a Modern Slavery Working Group to develop and implement our modern slavery strategy, manage our various initiatives and ongoing priorities relating to effectively identifying and managing modern slavery risks and due diligence activities (including managing our reporting obligation) and undertake effective and direct consultation with relevant business units, entities and officers within the Stockland Group.

Co-chaired by the Group Head of Sustainability and Delivery and the Group Risk Officer, the Modern Slavery Working Group meets eight times per year and includes representatives from across the business including Sustainability, Legal, People and Culture, Risk, Corporate Procurement, Project Management and Operations.



Policy and management framework

Strong corporate governance is at the core of how we conduct business with integrity and meet the expectations of stakeholders. Our **Corporate Governance Statement** details our approach to achieving and demonstrating high standards of corporate governance and accountability for our actions. Our **Code Of Conduct** further reiterates we expect our employees and directors to conduct business in a way that promotes and respects human rights.

Guiding our approach to modern slavery is our **What Stockland Expects from its Suppliers Policy**. This details our commitment to responsible procurement and our expectation that our suppliers and their supply chains operate in a manner consistent with Stockland's values and objectives and relevant legislation. The policy states our expectation that our suppliers and their supply chain implement appropriate labour policies across their organisations, including eliminating all forms of modern slavery.

Our aim is for all suppliers to formally acknowledge or reconfirm acknowledgement of 'What Stockland Expects of its Suppliers' policy. As part of the transition to a new enterprise technology system in August 2020 our suppliers are now required to confirm they have read, understood, and comply with this policy as part of the supplier on-boarding process. We also have a program in place to seek formal acknowledgement of the policy from suppliers onboarded before August 2020.

Key supporting policies and guidelines include but are not limited to:

- **Human Rights Policy**
- **Whistleblower Policy**
- **Social Management Approach** – including Human Rights and Supply Chain Management
- **Fraud, Bribery and Corruption Policy**
- **What Stockland Expects from its Partners Guideline.**

WHISTLEBLOWING AT STOCKLAND

Stockland encourages employees and external stakeholders to report any improper conduct they encounter. All complaints are investigated in a fair and objective manner, including the involvement of external parties where appropriate. Stockland employees or external stakeholders who wish to report improper conduct anonymously can do so via the 'Tell Me' online form or via Stockland's external and independent whistleblowing service provider (details are provided in the **Whistleblower Policy**). Whistleblowing posters are displayed in our offices and assets on staff and contractor notice boards.

Supply chain management

Due to the inherently complex nature of property development, the large number of suppliers involved, and the diverse services, materials and equipment required to deliver large-scale developments, we apply our project life cycle process for development projects (D-Life), which covers the development life cycle from concept to completion.

D-Life identifies specific gates with critical control points, requiring approval before proceeding to the next phase of the project life cycle, enabling compliance, and reducing risk. In addition, we set out the minimum sustainability, environmental and social requirements of our suppliers during the tender and project delivery processes.

Our policies are supported by our Modern Slavery legal precedent clause, which is included in our new Stockland procurement contracts. It states that suppliers must ensure:

- they comply with all applicable Modern Slavery laws and any other laws relating to anti-slavery and human trafficking; and that
- no supplier or any member of its personnel has engaged in, or will engage in, Modern Slavery.

Suppliers must also represent that they have:

- thoroughly investigated their labour practices to ensure there is no Modern Slavery use anywhere in their operations or supply chain
- put in place all necessary processes, policies, procedures, investigations, and compliance systems (including training) taken, and will take in the future, all necessary actions and investigations to validate these findings.

We also include audit rights within our contracts with suppliers which include the right to audit a supplier's direct subcontractors.

Risk management and due diligence

Risk assessment

In July 2018, we engaged an external consultant to conduct a Group-wide human rights issues review to better understand the potential challenges facing our business. This review identified our supply chain as having the highest potential for human rights risk, highlighting the need to understand the sourcing practices of our suppliers, to identify high risk products and geographies, and the intersection between the two.

Further to this, in July 2019 we conducted a modern slavery risk assessment to identify the areas within our development, operational and corporate supply chains that are at greatest risk of modern slavery. The assessment divided our spend into 45 procurement categories which were then screened for five social risk categories: labour rights and decent work, health and safety, human rights, governance, and community infrastructure to determine 'high risk' procurement categories.

These risks were obtained from the Social Hotspot Database which indicates the likelihood of an issue occurring in different industries and countries. Within these social risk categories are impacts relating to modern slavery such as: child labour, forced labour, excessive working time, safe working conditions, exploitation of migrant labour and general human rights and governance.

Modern slavery risks are assessed in relation to Stockland's potential to:

- *cause* - operations directly result in modern slavery
- *contribute to* - operations and/or actions may contribute to modern slavery, or
- *be directly linked to* - operations, products or services maybe connected to modern slavery through activities of another entity.

Potential ways Stockland may cause, contribute to, or be directly linked through our operations and supply chain include:

Corporate procurement	Operations	Direct procurement (relating to creating and maintaining our assets)
<i>Directly linked to:</i> Labour conditions and child labour in the supply chain of manufactured goods, such as electronic equipment, paper and motorised vehicles.	<i>Contribute to:</i> Underpayment and exploitation of migrants working for cleaning and security service subcontractors.	<i>Directly linked to:</i> Labour conditions, forced, bonded or child labour in the supply chain of building products such as solar panels.

This risk review was coupled with a literature review to identify evidence of modern slavery occurring in Australian supply chains, which included a variety of public sources such as news articles, findings from Senate hearings and topical reports published by various advocacy and research organisations.

We also continue to increase our risk knowledge and awareness through our ongoing participation in the UNGC Modern Slavery Community of Practice, attending webinars and reviewing reports on risks associated with the property and construction industry as well as products and services within our supply chain. The knowledge and awareness that is gained through these programs is discussed with relevant business units, entities and officers within the Stockland Group where feedback is received through consultation processes.

The outcomes of the Social Hotspot Database and the literature review provided the baseline risk data required to categorise our suppliers into four priority assessment groups. This categorisation has enabled us to prioritise our focus and response to our suppliers based on the highest likelihood of modern slavery (risk), and our ability to influence and have an impact (spend).

Supplier categorisation

We are committed to providing access to remedy through effective grievance mechanisms and will seek remediation where we identify that we have caused or contributed to modern slavery.

We continue to build our awareness and capability with regard to modern slavery risk in our supply chain and have worked closely with key contractors to identify opportunities for improvement (see Strengthening Supply Chain Transparency case study).

Priority group	Share of spend	No. of suppliers	Definition	Examples
Category A	20%	25	High risk, high spend	Built form construction/maintenance contracts >\$5 million, cleaning
Category B¹	15%	811	High risk, low spend	Built form construction/ maintenance contracts < \$5 million, security, IT electronics (e.g. computers and phones), marketing goods (e.g. promotion merchandise), catering
Category C	31%	263	High spend, low risk	Civil construction contracts
Category D	34%	2,887	Low spend, low risk	All remaining suppliers

¹ Due to the high volume of Category B suppliers our FY22 PCA Assessment targeted repeat suppliers with spend more than \$10,000.

CASE STUDY - STRENGTHENING SUPPLY CHAIN TRANSPARENCY

An estimated 18% of modern slavery victims are found in the construction industry. Significantly, at least 22% of forced labour victims are found in the manufacture and production of raw materials including in forestry, mining and quarrying – key suppliers for property and construction. These heightened risks reflect the geographies and conditions in which building materials are often sourced.¹

Building and raw materials are often sourced from high-risk geographies associated with poor rule of law and working conditions where there is known use of forced and child labour. Property and construction supply chains are also complex and opaque and often associated with the use of low-skilled labour, particularly amongst lower tier suppliers that operate in high-risk geographies.

In FY22, Stockland, in partnership with one of our principal contractors, launched a pilot project to understand current challenges and opportunities in managing modern slavery within our supply chain and to develop a roadmap to integrate ongoing modern slavery risk identification and management across high risk products. Focussing on the supply chain of the curtain wall façade at our M_Park development, the project also considered the role of technology in driving improved efficiency, accuracy, and consistency in how both Stockland and the broader property and construction industry manages high risk supply chains.

This pilot was conducted in three phases:

- **Phase 1: Supply Chain Mapping and Transparency:** Worked with our principal contractor to map Tiers 1 - 4 of the curtain wall façade supply chain through supplier interviews and desktop research.
- **Phase 2: Modern Slavery Risk Hot Spotting:** Used four key modern slavery risk criteria (country of origin, product/service category, business model, vulnerable populations) to conduct a risk assessment of mapped suppliers.
- **Phase 3: Roadmap for Risk Mitigation:** Recommendations developed based on insights gained from Phase 1 and 2 alongside further research into technology platforms.

The findings from the pilot confirmed several known challenges associated with the mapping of supply chain risks within the property and construction industry, including the opacity of supply chains and weak supplier relationships between Tier 2 and Tier 4 suppliers.

The Phase 2 Hot Spotting analysis identified modern slavery risk within the aluminium, glass, and chemical industries largely because of their long supply chains and the conditions and geographies in which specific raw materials are mined and processed. However, we were unable to assess this further due to limited engagement from Tier 2 and 3 suppliers and a lack of disclosure.

While our principal contractor had a relatively mature understanding of and approach to modern slavery within its operations, there was less clarity on modern slavery risk within its own supply chain and how to manage these beyond contractual arrangements. This highlighted the opportunity to expand supplier capability in relation to supply chain assessments and facilitate shared learning among suppliers.

The pilot also concluded that while a technology platform can play a role in more efficiently mapping supply chains and associated risks, its efficacy and accuracy is also generally constrained by the reliance and quality of supplier data that is input into the platform.

Moving forward we will use the insights from the pilot to enhance and embed education opportunities for our Tier 1 suppliers and encourage further engagement and assessments of their suppliers, including subcontractor and direct suppliers.

¹ Human Rights Commission and KPMG, 'Property, construction and modern slavery guide' 2020 Property, construction and modern slavery | Guide -KPMG Australia

Due diligence and remediation

In collaboration with the Property Council of Australia (PCA), industry experts and other PCA member groups, we developed a property industry modern slavery supplier assessment tool, providing a consistent method for participants to conduct modern slavery risk assessments (Assessment). The Assessment allows suppliers to provide their response to all clients on the same platform, increasing transparency and efficiency by eliminating the need to provide data to multiple clients in varying formats. The Assessment considers aspects such as supplier risk areas, policies and procedures, training and supplier engagement.

The Assessment tool asks suppliers to complete pertinent questions on modern slavery. We have continued to focus on those questions regarding awareness of modern slavery and the scope of policies regarding supply chain transparency and modern slavery and subcontracting activities. This helps us establish a baseline for our due diligence and improve our understanding of how we can support our suppliers and encourage continuous improvement.

In FY22, we assessed close to 70% of our direct supply chain spend, a significant increase on prior years due to the inclusion of Category C suppliers (high spend, low risk). Within the assessment all our Category A (high risk, high spend), suppliers confirmed that they were both aware and understood modern slavery legislation and issues. Due to the onboarding on new Category A suppliers there was a drop in supplier awareness of sub-contracting arrangements and employee training. We will continue to work with these suppliers to provide training options and encourage greater transparency on sub-contracting arrangements.

Where potential issues are identified, we work and engage with the supplier to learn more about the issue and implement mitigation and monitoring strategies through corrective action plans. Termination of a supplier contract will be considered in instances where suppliers do not meet minimum requirements of their corrective action plan or are otherwise unwilling to work with us to improve their performance despite all reasonable measures being taken.

Procurement

Stockland has a comprehensive procurement prequalification and assessment process. This includes assessing occupational health and safety systems and financial viability. Tender assessments are weighted to achieve a balance of cost, time, and capability. For cleaning contractors in particular, tenders are assessed using on-site and historical knowledge regarding appropriate time allowance to complete jobs which can result in mispriced tenders being eliminated from consideration.

Cleaning, security, and waste contractor assessment program

Our services contractors play an important role in making our Town Centres, Workplaces, Logistics centres and Retirement Living villages safe, desirable, and enjoyable places. Our cleaning, security and waste contractors represent Stockland's largest operational contractor spend and are the focus of our services contractor due diligence program. Across our assets in FY22 we had over 350 cleaners, close to 200 security personnel and 20 waste contractors working to keep our properties clean, safe, and secure.

The commercial cleaning, security and waste industries continue to be recognised as higher risk for modern slavery in Australia. In particular, the Australian cleaning and security industries have been linked to poor working conditions including underpayment, excessive working hours, withholding of wages and in some instances, sexual harassment. While these forms of exploitation may not constitute modern slavery in isolation, they can be signs of more severe forms of exploitation such as forced labour.

These risks are driven by factors within these industries such as:

- the use of multi-layered sub-contracting and use of labour hire which limit oversight of working conditions
- the use of sham contracting, in which employers hire workers as contractors;
- is driven mainly by complexity of contracting and sub-contracting relationships across these industries, and the nature of the work, which is commonly lower skilled, labour intensive and often utilises migrant labour; and
- aggressive price competition².

Within the cleaning sector in Australia, approximately 85% of the cleaning workforce in CBD office buildings and shopping centres are international students and temporary workers³.

In FY22, the issue of labour shortages became more prevalent than prior years. This was due to several factors including State government COVID-19 policy settings impacting contractor demand and employee attrition to higher-wage sectors. In response to these conditions and heightened risk, we continued to focus on our contractor relationships and adapt our procurement and specialised due diligence with a third-party assessor to understand if contractors are meeting our expectations around the fair treatment of their employees.

² Cleaning up their Act?: Modern Slavery Due Diligence in the Australian Property Sector - ACCR

³ New report reveals continued exploitation of international students in Australia - Cleaning Accountability Framework Ltd.

Our assessment program – year 3

As part of our ongoing approach to managing risks of modern slavery linked to cleaning, security, and waste contractors, we engage an independent third-party to support us in delivering the contractor assessment program.

The program involves a comprehensive assessment of contractors across all Town Centres, the majority of our Workplace and Logistics and a selection of contractors in our Retirement Living portfolio. The purpose of the program is to obtain an understanding of suppliers' modern slavery risk profile and to identify mitigating actions for both specific contractors and for our contractor base as a whole.

This was the third year we have run the modern slavery and human rights contractor assessment program, which commenced in FY20. In FY22, we expanded the scope of the program to include a selection of contractors who provide waste collection services, in addition to a selection of cleaning and security services contractors.

The contractor risk assessment program is threefold:

- Desktop pre-assessment using PCA questionnaire
- On-ground risk and impact assessment
- Reporting on insights and trends

In phase 1, contractors are required to complete the PCA questionnaire and a selection of supporting questions that we developed in collaboration with our independent consultants.

The program assesses contractors against a number of elements including their risks, policies and controls relating to:

Modern slavery and human rights	Labour compliance	Workplace health and safety
<ul style="list-style-type: none"> • Modern slavery • Freedom of association • Whistleblowing • Fair treatment and non-discrimination • Reporting and disclosure 	<ul style="list-style-type: none"> • Right to work • Third-party and subcontractor practices • Payroll management and compliance • Working conditions • Fraud • Diversity and inclusion 	<ul style="list-style-type: none"> • Policies practices • Systems and processes • Wellbeing and mental health

Where risks were identified, either through responses to the questionnaire or based on prior year findings, contractors were engaged to walk through their responses and control frameworks. In addition, site visits were undertaken to at least one site managed by each of the contractors in scope this year. This enables us to validate our understanding of the risks and controls based on the questionnaires and discussions with on-ground evidence, including that from worker interviews.

Results from our third year of the assessment program

In early FY22, we provided each supplier that was audited in FY21 with written recommendations resulting from the assessment program. We have engaged with these suppliers throughout the year to review progress against these recommendations.

We have seen an increase in the awareness of modern slavery within many of our larger contractors' senior management teams. In addition, we have seen improvements in several contractors understanding of the modern slavery risk profile of their own supply chains, and others developing or updating policies and implementing training for workers in their organisation.



However, there remain opportunities for contractors to improve their management of on-ground issues including but not limited to worker access to anonymous grievance mechanisms and ongoing transparency and oversight of subcontracting arrangements including with respect to the oversight of subcontractor payroll compliance. Payroll matters identified as part of the review included employees not being paid for certain hours worked, working excessive hours, being paid late or not at the correct hourly rate or with appropriate superannuation payments.

In addition, in the process of this year’s assessment, a matter pertaining to payment practices was identified and is being investigated through our whistleblowing channel. Appropriate actions will be taken to address any findings and learnings shared across our operations. We will also continue to work closely with our contractors on labour shortage constraints.

In early FY23, we will be meeting with a number of the contractors included in the process to share the findings of the assessment and to discuss the identified areas for improvement, and further engagement under their own internal audit programs. Work is underway to develop and evolve the assessment program for FY23.

Remediation

Whilst we have provided feedback to our contractors on completion of each assessment, we continue to discuss improvement opportunities and in certain cases corrective action plans where issues have been identified.

Our asset-based employees are important stakeholders in the process of identifying human rights risks and implementing the actions needed to remedy them. Asset team management is briefed on the findings of the assessments and any asset-level improvement opportunities.

Our enhanced level of due diligence plays an important role in our commitment to deliver safe and fair workplaces. We expect it will continue to provide important insights as we extend the reach of our supplier engagement.

Solar supply chain

As identified in our FY21 Modern Slavery Statement, reports highlighting vulnerability of the global solar supply chain to forced labour and the United States’ ban on solar panel materials from certain regions have heightened the potential modern slavery risk associated with our solar supply chain.

In FY22, we have taken steps to further understand the issue by engaging directly with our solar suppliers. These suppliers have completed PCA assessments and our major supplier subsequently requested its suppliers and manufacturers to also complete the PCA assessment; demonstrating a willingness to engage with their own supply chains on this issue. Pleasingly, all suppliers completed the assessment.

In addition to this direct engagement, we are working with the PCA on an industry response and action plan via a dedicated working group. We will continue to monitor and engage with our suppliers as more information becomes available and materials traceability improves.

PROPERTY INDUSTRY COLLABORATION

Stockland is working closely with the PCA and its member groups to provide a comprehensive industry response to modern slavery.

In FY22, KPMG Australia, in collaboration with the PCA, developed a practical guide for businesses to better understand and address modern slavery in the property and construction sector – *Listening and Responding to Modern Slavery in Property and Construction: A practical guide to human rights grievance mechanisms*.

Effective human rights grievance mechanisms are a critical component of a good practice response to modern slavery in workplaces. Subject matter experts from Anti-slavery Australia, the Anti-Slavery Taskforce and the Australian Human Rights Institute provided valuable insights contributing to the Guide’s development.

We are also working with the PCA develop industry guidance on remediation and solar panel procurement.

Assessing effectiveness

We are responsible for the continuous improvement of our processes and actions taken to address modern slavery risks within all tiers of our supply chain, acknowledging this is an on-going process. The ways in which we measure effectiveness are listed below. Insights gathered from these measures inform our Modern Slavery strategy and the scope of work for the Modern Slavery Working Group.

Governance

- regularly reviewing our modern slavery approach conducted within the Modern Slavery Working Group reporting to the Stockland Leadership Team, Sustainability Committee and Board
- training team members on the Modern Slavery Act and associated risks
- requesting and monitoring feedback after supplier and employee training sessions
- including modern slavery provisions in relevant contracts
- consulting with relevant business units, entities and officers of the Stockland Group.

Risk management

- monitoring the number and range of suppliers who have been issued and have completed the assessment, the corrective action plans implemented, and actions completed
- year-on-year improvements in Category A awareness and modern slavery plans and action
- regularly engaging with suppliers beyond initial assessment via the PCA Self-Assessment, to identify points of improvement within the process and track awareness levels
- year-on-year improvement in cleaning, security and waste contractors as a result of audits
- leverage our asset teams as early identifiers of issues that may indicate modern slavery risk.

Grievance mechanisms

- monitoring frequency and trends of whistleblowing channels. During FY22, we identified one modern slavery risk which is being investigated through our whistleblowing channels.

Ongoing engagement and feedback

We continue to be an active member of the United Nations Global Compact Modern Slavery Community of Practice and PCA Modern Slavery Working Group to:

- discuss the most pressing challenges and obstacles facing Australian business and the property sector with respect to managing and communicating modern slavery risks and implementing the Commonwealth Modern Slavery Act
- help provide a business and industry perspective, as appropriate, to related external discussions, including for example Modern Slavery Statements and collective input to any consultation around government guidance for the reporting requirement.

We also seek feedback on our modern slavery strategy, statement and progress from industry bodies and research and stakeholder groups.

Future priorities

We are committed to engaging with internal and external stakeholders and experts to continuously evolve our response to modern slavery. Our future priorities include:



All suppliers required to formally acknowledge or reconfirm acknowledgement of 'What Stockland Expects of its Suppliers' policy



Annual assessment of all Category A and active Category B suppliers with repeat business



Mandatory Employee Modern Slavery training to be shifted to an annual training requirement



Continue to identify trends across our supplier base to develop collaborative improvement opportunities



Continue to engage with cleaning, security and waste contractors on improvement opportunities and strengthen modern slavery-related processes for frontline employees engaging with cleaning and security contractors, including the promotion of grievance mechanisms.



Continue to develop training sessions for Tier 1 contractors and embed in onsite practices



Work with industry experts, civil society (including the UNGC and PCA) and peers to develop a robust, collective strategy towards remediating modern slavery risks within supply chains



Stockland Corporation Limited

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**Stockland Trust
Management Limited**

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