



FY20 Modern Slavery Statement



Information about our Modern Slavery Statement

This is Vicinity Centres ('Vicinity') first Modern Slavery Statement ('Statement') covering the Australian financial year from 1 July 2019 to 30 June 2020 (FY20) published in accordance with the Modern Slavery Act 2018 (Cth) ('the Act').

Vicinity Centres is a stapled group comprising Vicinity Limited (the Company) and Vicinity Centres Trust (the Trust). Shares in the Company and units in the Trust are 'stapled' together and are traded collectively on the Australian Securities Exchange under the code 'VCX'. This Joint Statement is provided by the Company and the Trust, and covers all entities over which the Company and the Trust have control for accounting purposes (collectively referred to as 'Vicinity Centres', 'Vicinity', 'Group', 'us', 'we' or 'our'), including the following subsidiary entities of the Company and the Trust which are identified as reporting entities under the Act:

- Vicinity NVN Trust,
- Vicinity FIF Investment Trust,
- Vicinity Property Management Trust, and
- Vicinity Holdings Limited.

This statement outlines the actions undertaken by Vicinity Centres during FY20 to assess and address modern slavery risks in our operations and supply chain. Given this is Vicinity's first modern slavery statement, we have also included actions undertaken in previous financial years to provide historical context for our position today.

In the process of preparing this statement, Vicinity's General Counsel, the Sustainability Committee, the Risk and Compliance Committee and the Board have reviewed and provided feedback on its content.

The Statement has been approved by the Board on 16 February 2021.

**CEO & Managing Director
Vicinity Limited**

Reporting requirements of the Act		Pages
Requirement 1 & 2	Identify the reporting entity and describe its structure, operations and supply chains	1-3
Requirement 3	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and entities it owns or controls	4
Requirement 4	Describe the actions taken by the reporting entity and any entities that it owns or controls to assess and address these risks, including due diligence and remediation processes	4-6
Requirement 5	Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	6
Requirement 6	Describe the process of consultation with any entities the reporting entity owns or controls	1
Requirement 7	Any other relevant information	5-6

Our business and operations

Vicinity Limited, and its wholly-owned group of entities, undertakes the business of managing Vicinity's shopping centre portfolio, including property management, development management and responsible entity and trustee services for Vicinity Centres Trust, its sub-trusts and external wholesale funds. Vicinity Limited also provides property and development management services for joint owners of Vicinity's assets and other third parties. Vicinity Centres Trust is a managed investment scheme operating in accordance with the Corporations Act 2001 (Cth). Vicinity Centres Trust and its controlled trusts hold the real estate investments for Vicinity.

As at 30 June 2020, Vicinity had 64 retail assets under management across Australia, valued at \$23.6 billion. Vicinity has an ownership interest in 60 of these assets, taking the value of its Direct Portfolio to \$14.1 billion. Vicinity also undertakes design and development of our assets to enhance our portfolio and the overall retail experience, with three major projects completed during FY20.

The majority of Vicinity's earnings are derived from rental income from our retail tenants. Vicinity also derives ancillary income from a variety of streams, including electricity on-selling to tenants, car parking and digital media assets.

Our national office is located in Melbourne, with regional offices in Sydney, Brisbane, Adelaide and Perth. As at 30 June 2020, we employed 1,292 people across centres and corporate offices nationwide.

For more information about our business, refer to our 2020 Annual Report.

Our supply chain

Vicinity directly engages approximately 3,600 suppliers to provide goods and services for our business, with an annual spend of approximately \$800 million, distributed across three key activities that represent different aspects of our business.

Categories	Examples of suppliers engaged
Developments and refurbishments	Builders, civil contractors, materials suppliers, design consultants and trades people
Operations	Suppliers of facilities management services such as waste management, cleaning, security, heating, ventilation and air conditioning (HVAC), landscaping and maintenance, vertical transport and essential services such as energy, gas, sewerage and water
Corporate offices	Suppliers of information and telecommunication services, professional services, travel, accommodation, events and marketing

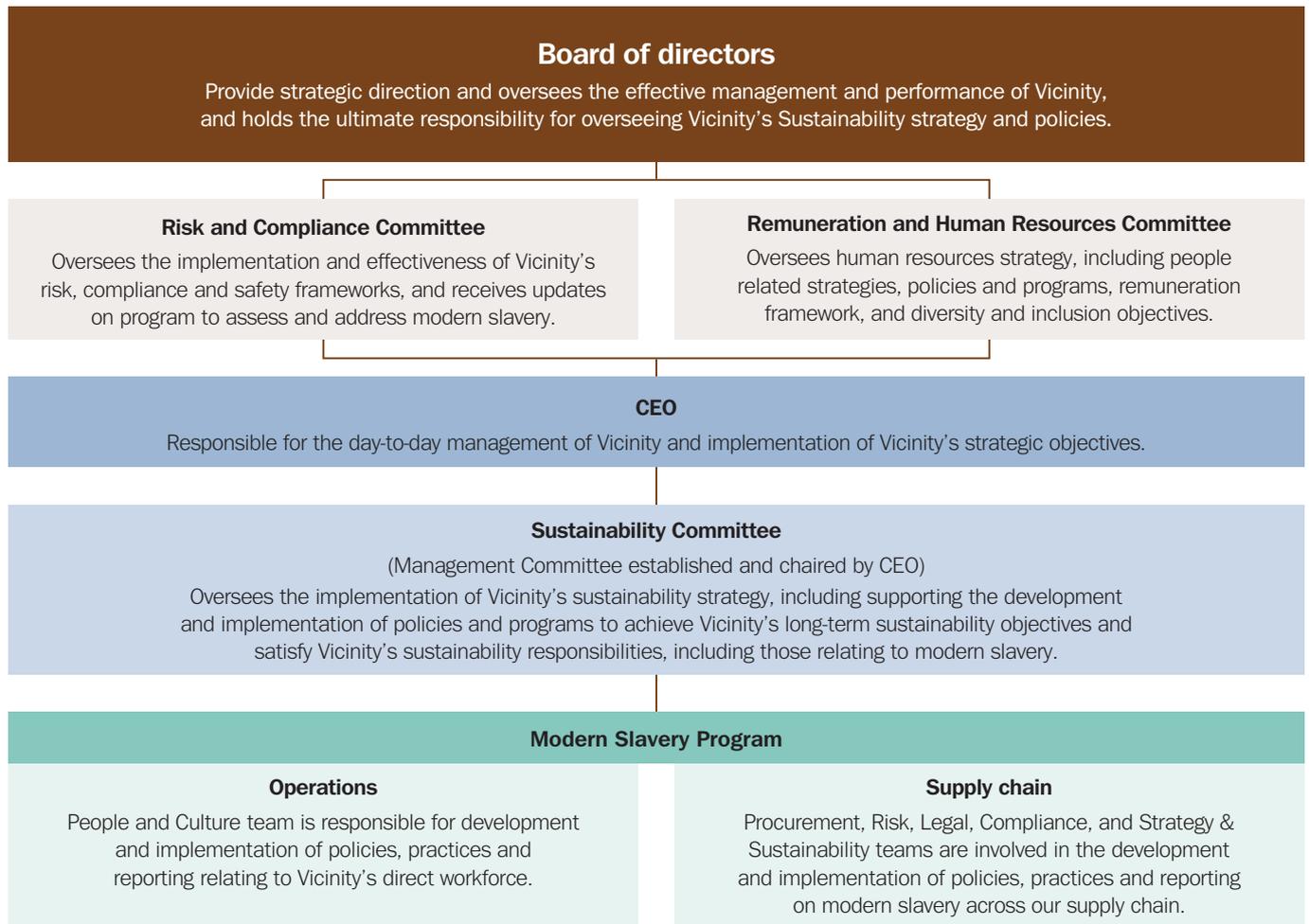
Vicinity's operations are solely based in Australia, and the majority of our direct (Tier 1) suppliers are also based in Australia. However, we recognise that some of our direct suppliers have operations, or engage subcontractors (Tier 2 and beyond), in foreign countries.

We classify our supply chain into four spend areas: major projects, strategic, functional and transactional. This supplier classification considers the level of impact that the product and/or service has on our business with regards to guest experience, reputation, risk, cash flow (spend size), competitive advantage or regulatory compliance, and provides a framework for how we engage with and manage our suppliers.

Governance and policy

Vicinity's approach to assessing and addressing modern slavery risk is managed via the same governance structure for managing Vicinity's material environmental, social and governance (ESG) risks and opportunities, as outlined in Figure 1 below. For further information on our corporate governance, refer to our 2020 Corporate Governance Statement.

Figure 1: Vicinity's Modern Slavery program governance structure



Vicinity has several policies in place relevant to modern slavery and human rights, all of which are approved by the Board or one of its committees. These include,

- Code of Conduct,
- Human Rights Policy,
- Sustainable Procurement Policy, and
- Whistleblower Policy

Additionally, Vicinity's Supplier Sustainability Code of Practice (Supplier Code) communicates the expectations and minimum standards we place on our suppliers with regards to ESG risks and impacts, including complying with all applicable legislation in relation to employment practices and respecting and supporting human rights.

The above governance structure and policies apply to all entities owned and controlled by the Group.

Modern slavery risks in our operations and supply chain

Modern slavery risks in our direct workforce

We consider the risks of modern slavery practices within our direct operations and workforce as low, as our employees are primarily working in professional services exclusively within Australia, where employee-employer relations are strictly regulated by the *Fair Work Act 2009* and relevant modern awards.

Modern slavery risks that relate to our operations and direct workforce are assessed in the context of our health and safety and human resources policies and practices, ethical standards and behavioural conduct requirements as per our Code of Conduct, and legal and contractual obligations such as employment conditions. We maintain robust internal policies, systems and processes to comply with our legal and contractual obligations and to manage entitlements relating to our people.

The health and wellbeing of our people is of utmost priority to Vicinity. To this end, our People and Culture team drives various programs to promote diverse and inclusive workplaces which are free from discrimination, bullying and harassment; support good health and wellbeing including through flexible working arrangements to ensure work-life balance; and encourage learning, development and equal opportunities. Vicinity's employees are compensated above Australian minimum wage, provided leave entitlements in excess of minimum legal requirements, and are free to join or establish trade unions or other associations and take part in collective bargaining processes, where applicable.

Additionally, Vicinity's safety team implements a comprehensive and mature Health and Safety Management System across our portfolio, supported by high levels of awareness, an audit program and a strong safety culture.

These programs collectively help to create a workplace that supports our people professionally and personally, and minimise the risk of modern slavery practices. More about our safety, health and wellbeing programs can be found at [sustainability.vicinity.com.au](https://www.vicinity.com.au).

Modern slavery risks in our supply chain

We consider the risks of modern slavery practices to be higher in our supply chain compared to our direct workforce.

In 2018, Vicinity completed an independent risk assessment of all procurement categories in our supply chain in order to better understand human rights and modern slavery, environmental, health and safety and corruption risks in our supply chain. For each category, the risk assessment considered the inherent risk with direct suppliers (Tier 1) as well as indirect suppliers (Tier 2 and beyond), exposure of Vicinity's business and reputation to the risk, and our opportunity to reduce the risk by influencing our direct suppliers or by accessing alternative products and services. This approach was used to prioritise key categories for immediate focus, with higher importance given to those relating to modern slavery risk.

The assessment identified that the highest risk categories through which Vicinity could be directly or indirectly linked to potential modern slavery practices are via,

- building contractors and materials suppliers for our development projects,

- critical suppliers for our shopping centre operations and maintenance, such as cleaning and security,
- suppliers of promotional goods and giveaways, and
- IT hardware and software for our corporate offices and centres.

Factors that elevate the risk of labour exploitation and modern slavery practices in the above procurement categories include,

- demand for low-skilled and manual labour, including through migrant workers,
- the use of third-party recruitment/labour hire agencies and complex subcontracting arrangements,
- long and complex supply chains for manufactured products and raw materials that stretch across high-risk countries for modern slavery practices, and
- poor visibility over indirect suppliers (Tier 2 and beyond).

Vicinity will seek further information from suppliers in these highest risk categories on their modern slavery practices, and also address relevant modern slavery risks, through our Responsible Procurement Action Plan (**the Plan**).

Assessing and addressing modern slavery risks

Embedding consideration of modern slavery risks in supply chain management

Over the past years, Vicinity has implemented a number of mechanisms to assess and address broader ESG risks (including modern slavery to some extent) in our supply chain. Some of these mechanisms include,

- the use of a supplier sustainability assessment to review ESG practices of prospective suppliers as part of our sourcing process, with high sustainability risk suppliers evaluated against additional specific criteria,
- inclusion of clauses in maintenance service agreements (including cleaning and security contracts) relating to subcontracting practices, supplier audits, and requirement to comply with Fair Work Australia regulations,
- Vicinity's National Procurement team engaging with strategic operational suppliers via regular contract management meetings to discuss and monitor compliance with contractual obligations, and
- an annual routine audit program of cleaning and security suppliers through an independent workplace relations expert organisation.

These measures have primarily been implemented across strategic operational spend categories such as waste, and cleaning and security services. However, with the introduction of the Act in 2018, we have identified the need to gain a deeper understanding of modern slavery risks across all of our high risk categories.

During FY20, Vicinity completed a review of company-wide procurement to understand how consideration of modern slavery risks and broader ESG risks could be more consistently embedded into our processes. This review included an evaluation of our existing procurement practices against the ISO2400 Sustainable

Procurement Standard, the reporting requirements of the Act, as well as other relevant best practice global sustainability assessment and reporting frameworks. Based on this review, we developed a Responsible Procurement Action Plan, which identifies a prioritised set of initiatives to ensure we are appropriately managing ESG risks in our supply chain.

Initially, the Plan focuses on initiatives that enable us to effectively respond to modern slavery risks in our supply chain. A number of actions were taken during FY20 to support our modern slavery due diligence approach, which include,

- appointing a dedicated Sustainable Supply Chain and Community Manager (reporting to the Head of Sustainability) to coordinate the modern slavery response across the business,
- updating the supplier sustainability assessment to include additional questions related to modern slavery risk assessment and management,
- raised awareness of our whistleblower policy amongst supply chain workers working at our centres (such as cleaners and security personnel) by displaying signage in back-of-house areas at all centres, and
- through consultation and guidance from industry experts, establishing a new procedure to enable Vicinity to conduct more frequent checks of operational service providers' compliance with legislative and contractual obligations.

During FY21, we will continue to develop our supply chain management framework and processes, establish reporting and remediation frameworks, and provide training on modern slavery to our employees, as well as implement initiatives to further assess and manage the modern slavery risk within high risk categories.

Collective industry action to assess and address modern slavery

In 2019, through a proactive collaboration between the Property Council of Australia (PCA) and fifteen leading Australian property companies, including Vicinity, a supplier modern slavery due diligence platform was developed to engage suppliers to the property industry. The supplier platform allows participating property owners/managers to assess supply chain modern slavery risks, and support better evaluation, decision making and reporting. It also aims to reduce the reporting burden on suppliers, encourage supplier education, and improve transparency across the industry. Vicinity remains an active member of the working group to shape the supplier platform development and implementation process.

The modern slavery questionnaire within the supplier platform now forms part of Vicinity's supplier due diligence approach for assessing modern slavery risk across our suppliers. Since the launch of the supplier platform, eighteen business critical suppliers that belong to categories assessed as high risk for modern slavery through our category level risk assessment, have completed the modern slavery questionnaire via the platform. Importantly, their responses provided Vicinity a view of where the current level of understanding, risk and actions lie with regards to modern slavery amongst these suppliers.

Of the suppliers engaged through the platform:

100%

said they understand the basic facts around the issue of modern slavery, and where it may exist in their supply chains.

89%

provide training to current employees or suppliers around human rights and modern slavery or plan to do so in the next 12 months.

61%

have assessed risks relating to modern slavery in their operations and supply chains or plan to do so within in the next 12 months.

During FY21, Vicinity will invite additional high and medium risk suppliers to respond to the modern slavery questionnaire on the platform and also use the information provided to engage with them on how we can support and encourage continuous improvement.

Incidents and remediation processes

Whistleblower policy

Vicinity's Whistleblower Policy enables eligible persons (which includes Vicinity employees, associates, as well as employees of current and former suppliers and tenants) to raise concerns about any unlawful, unethical, irresponsible or undesirable conduct involving Vicinity without fear of reprisal. Grievances can be reported directly to an internal Whistleblower Officer, or through an independently monitored external whistleblower service. Reported grievances are investigated where appropriate, escalated, reported, and appropriate action is taken in line with this policy. Our employees receive training on the whistleblower policy, as part of our annual compliance training program.

As part of our Plan to address modern slavery risks, we are exploring appropriate escalation mechanisms if cases of modern slavery are uncovered. We acknowledge that guidance on modern slavery remediation, particularly in the local context, is still under development in Australia. Through our engagement with the PCA Modern Slavery Working Group and subject matter experts, we will continue to monitor how best practice on remediation develops, and continually refine our approach.

Case Study: Addressing new vulnerabilities during the coronavirus pandemic

We recognise that COVID-19 may have altered our initial modern slavery risk assessments across some areas of our supply chain. We are mindful of this change in risk profile in our business and operational response to the pandemic, including as we made changes to our existing maintenance service agreements to meet the government directives and customer expectations relating to health and safety at our centres during COVID-19.

During our pandemic response, we have focused on ensuring our suppliers, particularly cleaning and security providers, are managing their workforces appropriately. This has included reaffirming suppliers' commitments to uphold the highest standards of occupational health and safety for their workforce, including through the provision of appropriate personal protective equipment (PPE) and requesting additional details on availability and management of staffing, subcontracting arrangements and award details. We have also worked with our suppliers to minimise staff working across multiple sites to reduce risk of COVID-19 transmission and raised awareness of government's guidance related to leave payments for staff who are required to isolate.

Our shopping centre portfolio has remained operational to provide essential services to communities during the pandemic, which has also meant ongoing employment for our cleaning and security contractor workforces. Furthermore, we have extended contracts with some of our strategic operational suppliers with the aim of providing greater stability for both Vicinity and suppliers, as we navigate through the pandemic.

As the COVID-19 pandemic continues to unfold, we remain vigilant regarding the ongoing and evolving modern slavery related risks for our supply chain workforce. We will continue to engage with our contractors on the possibility of job losses resulting from widescale economic shutdown, particularly in Victoria, and as economic activity picks up post-COVID-19, when the vulnerability of low skilled workforces are likely to increase as people seek work, irrespective of conditions.

Assessing the effectiveness of our actions

We acknowledge that modern slavery due diligence is an ongoing process of continuous improvement. Our Plan has identified the critical next step of developing a monitoring and evaluation program, which establishes clear accountabilities, reporting lines and key performance metrics to assess and report our progress over time. This will be a key priority for Vicinity during FY21.

We currently use a number of processes to monitor the effectiveness of our actions to address modern slavery risk. These include, but are not limited to,

- providing regular updates to Vicinity's Risk and Compliance Committee and Sustainability Committee on policies and programs that address modern slavery. Additionally, incidents raised and investigated through whistleblowing channels are reported to the Risk and Compliance Committee,
- conducting independent audits of employee shared services (including payroll, performance and reward functions) to ensure compliance with legislative and contractual obligations,
- reviewing supplier responses to Vicinity's supplier sustainability assessment during the sourcing process and requesting additional information on policies and practices where necessary,
- reviewing and validating supplier responses to the modern slavery questionnaire via the PCA supplier platform,
- regularly engaging with our strategic operational suppliers via contract management meetings,

- routine supplier audits of cleaning and security providers undertaken through an independent external workplace relations expert and monitoring of corrective action plans, and
- working with industry partners through active involvement in PCA Modern Slavery Working Group to share learnings and best practice approaches.

As we continue to progress our Plan to address modern slavery risks across our business, we will continue to further refine and expand above evaluation mechanisms as appropriate.