

Modern Slavery

Statement



LOCAL:

January 2023 – December 2023

We're doing our best to operate sustainably, so we'd love it if you held back from printing this document and viewed it on your screen instead.

Acknowledgement of Country

In the spirit of reconciliation,
Local acknowledges the
Traditional Custodians of
Country throughout Australia
and their connections to land,
sea and community. We pay
our respects to their Elders
past and present and extend
that respect to all Aboriginal
and Torres Strait Islander
peoples today.

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01 Introduction

Introduction

At Local, we believe that human rights and fundamental freedoms should be enjoyed by all people, no matter where they live. Local has a zero tolerance approach to modern slavery and we are committed to identifying and mitigating potential and actual modern slavery risks resulting from our business activities.

Modern slavery is a global phenomenon, with 2021 Global Estimates indicating that there are **49.6 million** people living in situations of modern slavery on any given day, either forced to work against their will or in a marriage that they were forced into (Walk Free Foundation).

Australia is not immune to modern slavery. The Global Slavery Index 2018 estimates that on any given day in 2016, there were 15,000 people living in conditions of modern slavery in Australia.

The Australian Government passed the Commonwealth Modern Slavery Act in 2018 (the Act), and defines modern slavery as circumstances where “coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom”. These situations include but are not limited to human trafficking, slavery, servitude, forced or unpaid labour, wage theft, unsafe conditions, inadequate accommodation, debt bondage, passport confiscation, child labour and deceptive recruiting methods.

The Act (2018) requires entities based, or operating, in Australia, with an annual consolidated revenue of more than A\$100 million, to report on the risks of modern slavery supply chains and actions. Local has elected to voluntarily report under the Act until such time that our annual consolidated revenue reaches more than A\$100 million.

In preparing this Modern Slavery Statement, all Local directors and officers of the entities making the statement were consulted and provided with an opportunity to review prior to approval. This statement was approved by the Local: Residential Board of Directors on 25 May 2023.

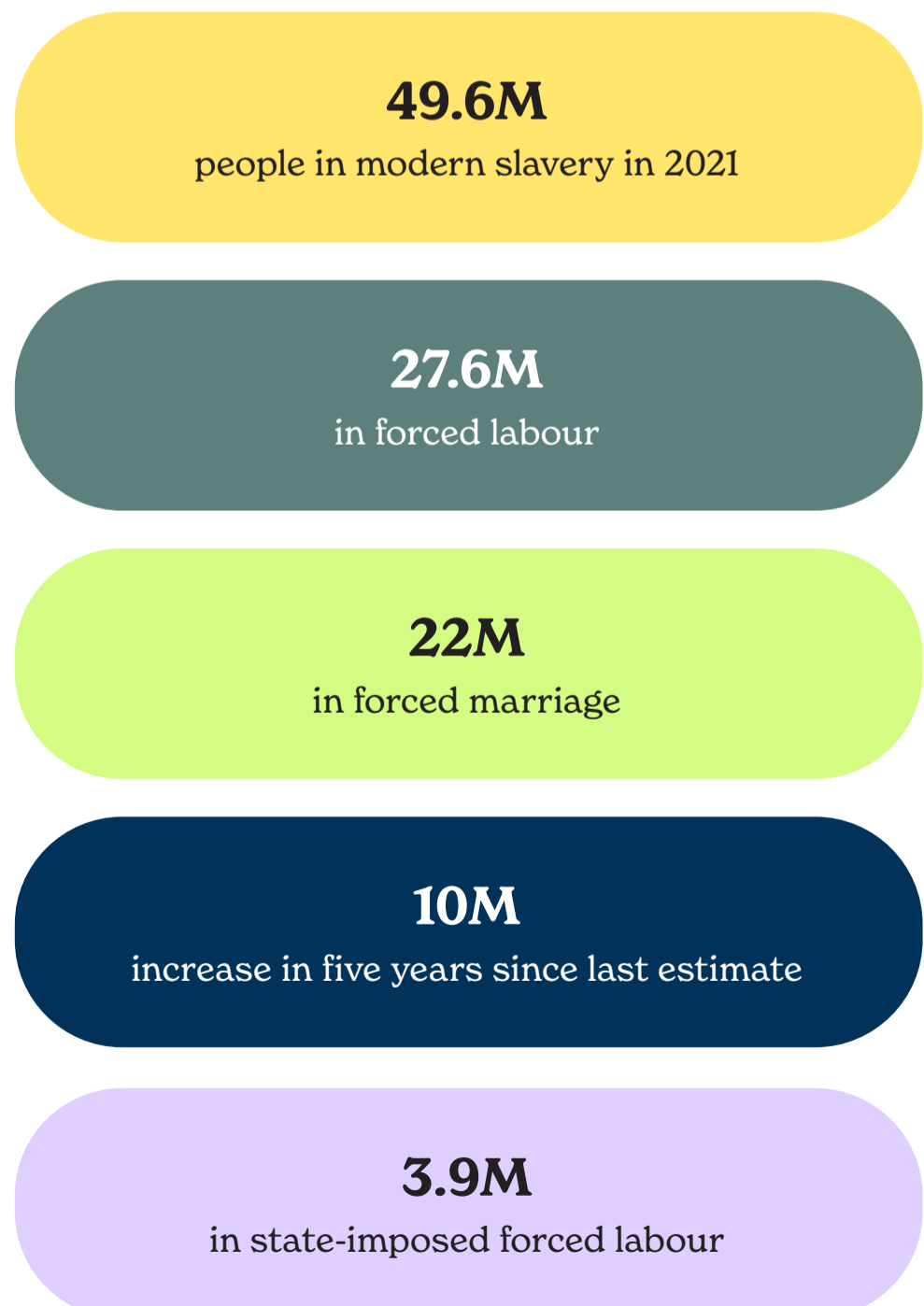
References in this Statement to Local or we, our, us refer to Local: Residential Pty Ltd and all associated entities.



Dan McLennan
Co-CEO



Matthew Berg
Co-CEO



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About Local

About Local

Local is a Melbourne-born business which creates and manages apartments exclusively for rent, established in 2021 by Dan McLennan and Matt Berg, in conjunction with a joint venture managed by Macquarie Asset Management Real Estate.

We believe in strengthening communities by using our homes to deliver positive social change.

Our head office is in Richmond, Victoria and we have two buildings under active construction in Kensington, Victoria and South Melbourne, Victoria.

We're keen to give Australians the chance to live and belong in places they want to, for as long as they like. Our buildings are designed with the climate in mind; they're fully electric, maximising renewable energy and minimising waste so we're operating at net zero.

To deliver positive social impact, we're committed to incorporating a targeted component of housing into each of our communities. We call this 'impact housing' and it means that we will work directly with registered housing providers across three groups to supply homes to people who need them; women over 55 who are at risk of homelessness, key workers who are vital to our communities, and people in need of specialist disability accommodation who don't currently have suitable homes.

With 15 full time employees, we're in the process of commissioning at least 5,000 homes by 2026 with our investment partners. We currently have close to 900 dwellings secured in Melbourne and a further pipeline under active negotiation around Australia.

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Structure, Operations

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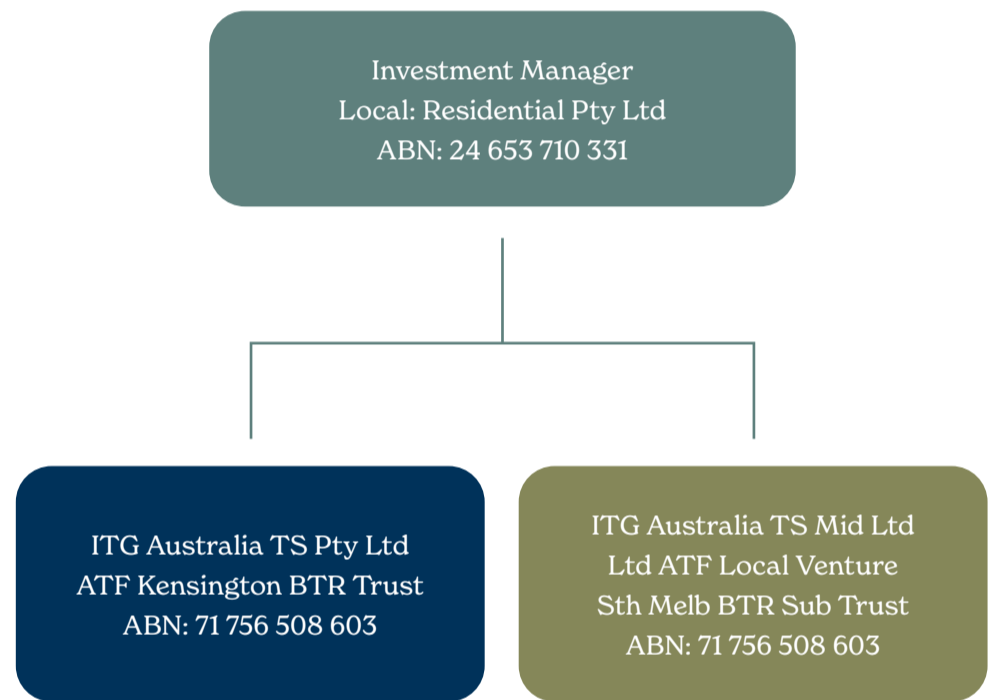
Supply Chains

Structure & Operational Locations

Corporate Structure



Investment Management Structure



Operational Locations

- **Richmond,**
VIC (Head Office)
- **Kensington,**
VIC
- **South Melbourne,**
VIC



Supply Chain

Estimates suggest there are currently almost 50 million people enslaved worldwide, many of these in corporate supply chains. The economic value attributed to this activity is immense, with G20 countries importing \$354 billion of at-risk goods every year

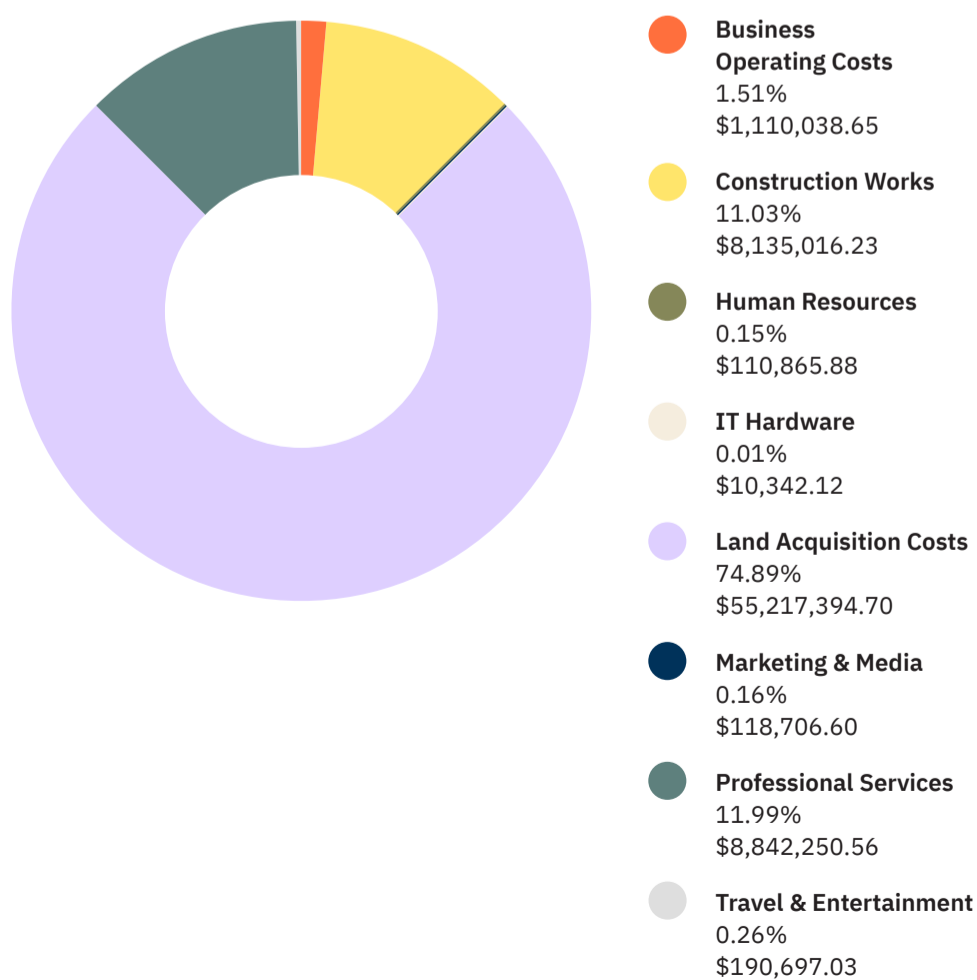
(The Global Slavery Index, 2018).

Local adheres to the **UN Guiding Principles** to limit the risk of modern slavery in our supply chains. Accordingly, we have undertaken a risk assessment for modern slavery in our operations and supply chains over the reporting period to consider the risks that we are causing, contributing to, or are directly linked to modern slavery practices.

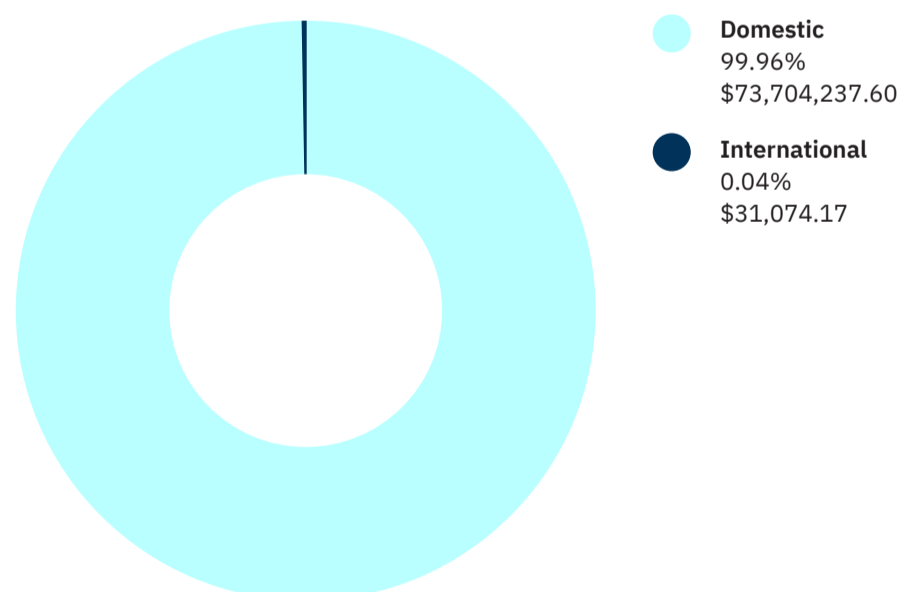
In 2022 Local spent approximately **\$73,735,311.77** on goods and services across **299** suppliers. These suppliers can be broadly classified across **8** categories:

1. Business Operating Costs
2. Construction Works
3. Human Resources Activities
4. IT Hardware
5. Land Acquisition Costs
6. Marketing & Media
7. Professional Services
8. Travel & Entertainment

Supply spend by category



Supply spend by country



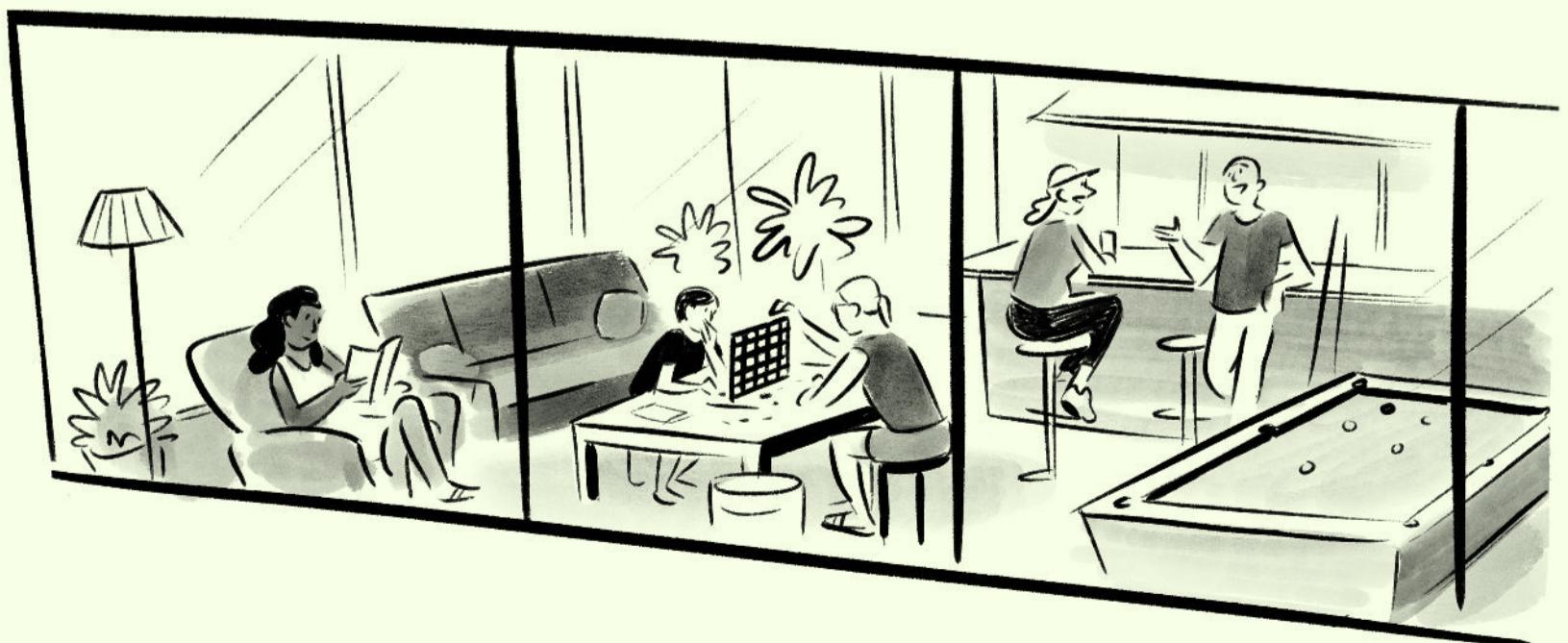
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Modern Slavery

Risks

Operational Risks

Local considers its operational risk to be inherently low due to its geographical location in Australia and our 15 employees being employed on a permanent full time basis under Australian laws and regulations.



Direct Supply Chain Risks

99.96% of Local's expenditure during the assessment period was to suppliers in Australia. The 2018 Global Slavery Index ranks Australia 163 of 167 countries on estimated prevalence of modern slavery and 161 of 167 on estimated vulnerability to modern slavery.

Although the risk of modern slavery in the first tier of our Australian supply chain is considered to be low, we have identified potential modern slavery risks in the agriculture industry. Specifically, there have been reports of exploitation of temporary migrants in fruit and vegetable harvesting, including workers being housed in substandard accommodation, situations of debt bondage and workers being severely underpaid.

In relation to our extended Australian supply chain, we understand that goods that are purchased in Australia in many cases have been imported by Australian suppliers or are manufactured using raw materials and components obtained overseas in locations and circumstances which may involve a risk of modern slavery.

For Local, the key areas of import risk relate to:

- **Laptops, computers, and mobile phones**

The electronics industry is recognised as a high risk industry for modern slavery. Manufacturing often occurs in locations with minimal regulation and oversight. There have been reports of forced labour in electronics factories in China and Malaysia, including factories supplying large multinational companies. There is also a risk that products are manufactured from raw materials the production of which involved workers being subjected to modern slavery.

- **Apparel and clothing accessories**

There have been reports of forced labour within the apparel industry in China, as well as instances of abuse including forced overtime and excessively long hours at clothing factories. Modern slavery practices have been identified in India under "camp labour" schemes and practices withholding identity passports from migrant workers have been identified in Thailand.

- **Food products**

There have been reports of modern slavery in the supply chains for rice, cocoa and fish including multiple identified cases of forced labour in the Indian rice industry, instances of modern slavery in the cocoa industry in Ghana and Côte d'Ivoire, and forced labour practices and very harsh conditions in the fishing industry in South East Asia.

Indirect Supply Chain Risks

The 2020 KPMG & Australian Human Rights Commission Property, Construction and Modern Slavery report indicates that globally, around 7% of the workforce employed by the property and construction sector and an estimated 18% of modern slavery victims are found in the construction industry. Furthermore, at least 22% of forced labour victims are found in the manufacture and production of raw materials including forestry, mining, and quarrying.

Local recognises that activities that are related to construction are labour intensive and heavily reliant on international raw material supply, complex global supply chains and foreign labour. Reliance on imported raw building materials and complex supply chains means that visibility of the manufacturing process is poor and confidence that materials and services are ethically sourced is low.

Raw materials in the construction supply chain pose an elevated risk of modern slavery practices including, bricks, clay, lime and cement materials, textiles, and natural rubber. Sourcing materials and imported goods from overseas often involve complex supply chains and multiple tiers including contractors and sub-contractors, resulting in limited visibility for property and construction companies over modern slavery risks. Raw materials are predominantly sourced from geographies with a high risk of modern slavery, exacerbated by conflict, poverty, displacement, weak rule of law, corruption, and state failure to protect human rights.

Workers on temporary visas in Australia are particularly vulnerable to modern slavery practices, including foreign workers, international students and working holiday visitors. While migrant exploitation is a long-standing problem, greater numbers of workers are being exposed to modern slavery risks. The number of temporary visa holders in Australia has grown by more than 50 per cent in the past decade. The Australian Government Migrant Workers' Taskforce estimates up to half of Australia's migrant workers may be underpaid.

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Actions

to Address

Modern Slavery

Governance

The Local Board of Directors is responsible for ensuring that the organisation has in place an appropriate framework to manage effectively ESG-related risks and opportunities. The Board is also responsible for approving the ESG strategy and policy framework of the organisation.

The Board Health, Safety, Environmental & Sustainability (HSE&S) subcommittee is a subcommittee of the Local Board of Directors tasked with monitoring the ESG-related management and performance of the organisation.

Matters addressed by the ESG subcommittee include:

- Adequacy of ESG-related management systems
- Climate-related risks and opportunities
- Diversity, equity, and inclusion (DEI)
- Housing impact, access, and affordability
- ESG related performance, KPIs and incentives
- ESG capability, training, and development.

The Local senior management team are responsible for implementing the ESG strategy of the organisation and operating in accordance with the Board approved ESG related policy framework and management systems.

The Co-Chief Executive Officers (Co-CEOs) are the most senior management team representatives accountable for the ESG management practices and performance of the organisation.

The Head of Corporate and ESG is responsible for ensuring that the organisation operates in accordance with the ESG management systems of the organisation and reports to the Co-CEOs.

Upon completion, each Local property will have in place an on-site building General Manager who will be responsible for providing oversight of operations, employees, and contractors, serving as the day-to-day contact for building specific ESG matters and managing ESG risks and opportunities. An on-site community manager will report to the General Manager discharging non-environmental ESG commitments and programs, The General Manager will report to the Head of Operations.

Policies and Processes

Policy	Purpose
Code of Conduct	Outlines Local’s expectations for employees, individuals or organisations consulting for, or representing Local.
Appropriate Workplace Behaviour	Outlines Local’s expectations for the behaviour of Local employees and sets out Local’s framework for identifying, managing, and reporting breaches of these expectations.
Conflicts of Interest	Sets out Local’s framework and controls for identifying, preventing, and managing conflicts of interest, whether actual, potential, or perceived.
Incident, Breach Notification & Escalation	Sets out Local’s framework and controls for identifying, managing, and reporting of breaches and incidents.
Whistleblower	Sets out Local’s framework and controls for reporting improper conduct, including information relating to protected disclosures.
Workplace Health & Safety	Sets out Local’s expectations and framework for employees, individuals or organisations consulting for, or representing Local.
Anti-Money Laundering & Counter Terrorism	Sets out Local’s framework and controls for identifying, managing, and reporting of breaches and incidents.
Anti-Bribery & Corruption	Sets out Local’s framework and controls for identifying, managing, and reporting of breaches and incidents.
Supplier Code of Conduct	Outlines Local’s expectations for its suppliers and sets out Local’s framework and controls for assessment, auditing, and compliance.

Employee Training

Whilst we have assessed the risk of modern slavery existing within our operations as being low, we recognise the leadership role we play in our supply-chain and that modern slavery education is essential to leadership.

Developing widespread understanding of modern slavery is a fundamental first step to addressing its incidence. Accordingly, this year, we have prioritised training for all Local employees who engage directly with our supply chain. This training covers matters including but not limited to:

- Modern Slavery
- Whistleblowing – reporting, rights & protections
- Anti-Money Laundering & Counter Terrorism
- Financing
- Anti-Bribery & Corruption
- Workplace Health & Safety
- Anti-Bullying & Anti-Harassment
- Diversity & Inclusion

Supplier Onboarding & Modern Slavery Due Diligence

Local is committed to ensuring high standards of environmental, social and governance performance within its supply chain. All Local suppliers are required to comply with the UN Declaration of Human Rights, Local's Code of Ethics and Principals for Suppliers as part of their contractual obligations.

These include the following requirements in respect of human rights and labour:

- Suppliers should not under any circumstances use child labour and must not engage in subcontracting that engages child labour in service delivery or manufacturing.
- Suppliers should not use any form of forced or involuntary labour and are expected to give local and migrant workers the right and ability to leave employment when they choose.
- Suppliers should provide a workplace where all employees have access to equal opportunities free from harassment, discrimination, and bullying, whether on the basis of gender, age, disability, ethnicity or cultural affiliation, sexual orientation, belief, educational background, or any other basis.
- Suppliers should ensure employees are treated with respect and are protected from retaliation if concerns are raised about business conduct.
- Suppliers should respect its employees' right for freedom of association.
- Suppliers should provide fair and appropriate pay and benefits that match local living wages.
- Suppliers should ensure that all overtime work is voluntary, and employees are not required to exceed the local legal limits for regular and overtime hours.

Third Party Construction Contractors

Where Local is the developer in its own right and responsible for the appointment of construction contractors to design and construct projects on behalf of the property owner the following modern slavery risk mitigation measures are undertaken:

- **Modern Slavery Statement:** All head contractors appointed by Local to have an up date Modern Slavery Statement.
- **Appointment Process:** All head prospective contractors will be required to provide as part of any tender or similar submission a detailed account of its response to modern slavery risks within its business and supply chain. In a competitive tender process responses from the contractor will be taken into account and assessed as part of the evaluation and selection process.
- **Contractual Terms:** Any undertakings provided by the head contractor are to form part of its formal contract terms for the project. Contractors are required to comply with the UN Declaration of Human Rights and Local's Code of Ethics and Principals for Suppliers as part of their contractual obligations.
- **Ongoing reporting:** Head Contractors will be required report monthly through the Project Control Group (PCG) to confirm no deviation from their modern slavery program and contractual undertakings.

In 2022 Local appointed **1** construction contractor who is a reporting entity for the purpose of the Modern Slavery Act 2018. This contractor has a Modern Slavery Policy and Modern Slavery Statement which identifies the risks of modern slavery in its supply chain, actions undertaken to address modern slavery and key areas for future focus.

06 Assessing
Our Effectiveness

Assessing our Effectiveness

Area	2023 Action
Governance	We will establish an integrated Modern Slavery Working Group with members from all departments and levels of business. The working group will be responsible for implementation of the actions outlined in this modern slavery statement and continuing to identify areas of improvement within our business processes.
Governance	We will review our supplier and construction contractor contract clauses to require compliance with modern slavery legislation.
Governance	We will work to enhance our supplier and construction contractor Request for Tender (RFT) processes to include additional assessments of supplier approach to modern slavery, acknowledgement of modern slavery legislation and formal compliance commitment.
Supplier Onboarding	We will develop an automated supplier onboarding process to give us a better understanding of a supplier’s policies and procedures, concerning their management of human rights, including labour rights, and modern slavery, environmental and anti-corruption issues.
Supplier Onboarding	Where we identify non-disclosure of information or other possible problems or concerns, we will, where appropriate, work together with the supplier to develop corrective actions with agreed timeframes as part of a remediation plan.
Policies and Processes	We will develop and implement a dedicated Modern Slavery Policy outlining Local’s approach to modern slavery, processes to mitigate modern slavery risks in our supply chain and reporting mechanisms.
Communication and Training	We will continue to prioritise communication and training for all new and existing Local employees to enhance their understanding of the causes and impact of modern slavery. Communication and training activities will cover matters including but not limited to, what modern slavery is, how to recognise different types of modern slavery and what to do if it is identified.

LOCAL: Thank you