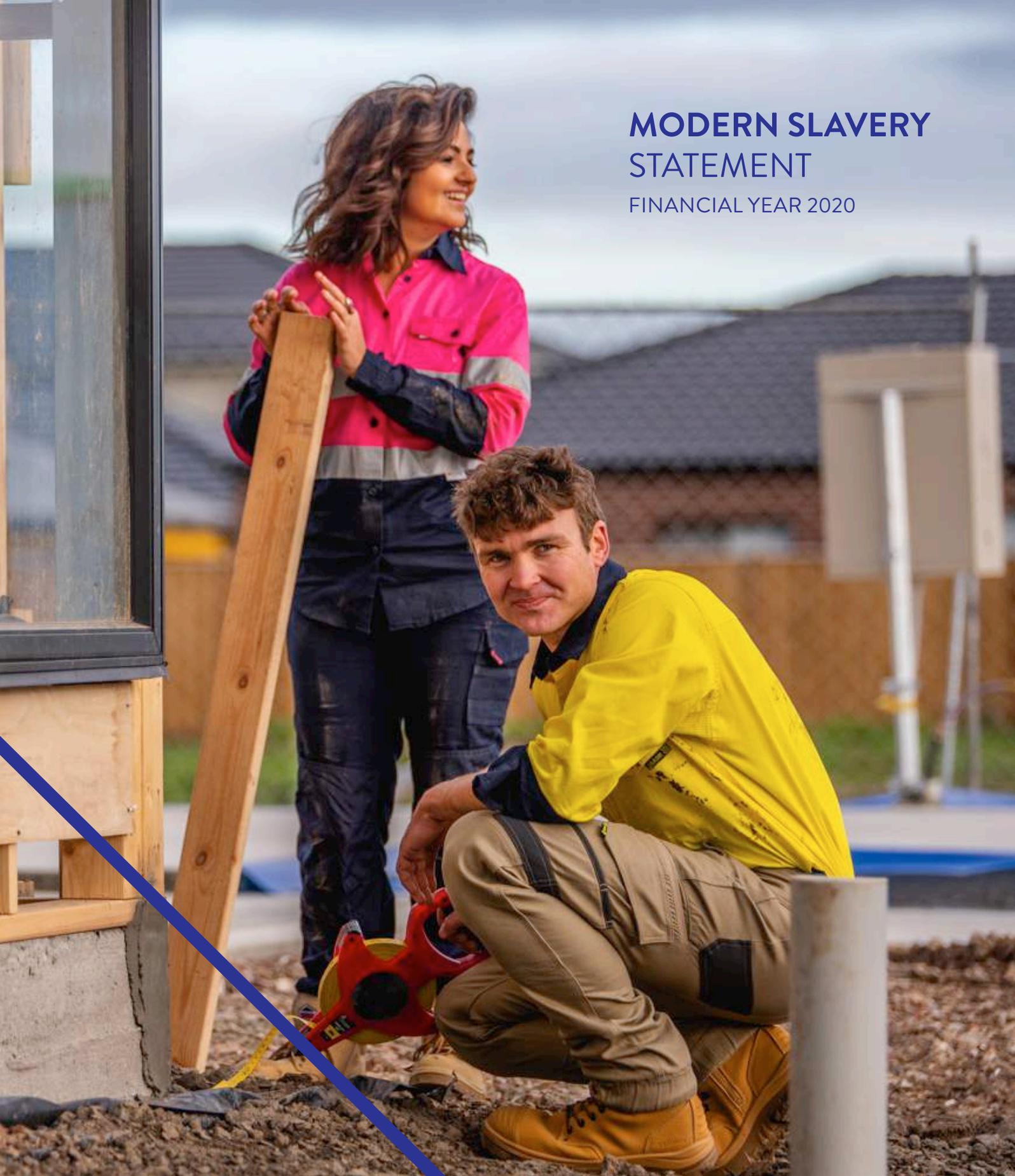


**MODERN SLAVERY
STATEMENT**
FINANCIAL YEAR 2020



Simonds Group Limited presents this Modern Slavery Statement for the year ending 30 June 2020 (FY2020). Approved by the Board of Directors, this statement reinforces our commitment to safety, sustainability and human rights as we assess and address modern slavery risks in our operations and supply chain.

This statement has been prepared in accordance with the reporting requirements of Australia's Modern Slavery Act 2018 (Cth) and associated guidelines. It will be reviewed and updated annually.



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

This statement addresses the United Nations Sustainable Development Goals, Target 8.7 to take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

ABOUT US

Simonds Group Limited (ACN 143 841 801) (“Simonds Group”) is one of Australia’s largest volume home builders, with sites and display homes located across the Australian eastern seaboard and South Australia.

Our product range includes single and double storey detached residential homes, targeted to purchasers in the metropolitan areas of the state capitals and in large regional centres.

Simonds Group is uniquely placed as the only national volume home builder with its own Registered Training Organisation (RTO) that offers qualifications to the broader building and construction sector. Builders Academy Australia (BAA) delivers high quality, nationally accredited building and construction qualifications, developing skilled workers for high demand areas.



6000+
CONTRACTORS

800+
EMPLOYEES

70+
YEAR HISTORY



OUR STRUCTURE

Simonds Group is an ASX Listed Company (ASX Code SIO) operating through the following entities:

- Simonds Group Limited
- Bridgeman Downs Land Projects Pty Ltd
- City Wide Building & Training Services Pty Ltd
- Discover Developments Pty Ltd
- Discover Gisborne Pty Ltd
- House of Learning Pty Ltd
- Jackass Flat Developments Pty Ltd
- Madisson Homes Australia Pty Ltd
- Simonds Assets Pty Ltd
- Simonds Corporate Pty Ltd
- Simonds Homes NSW Pty Ltd
- Simonds Homes Victoria Pty Ltd
- Simonds IP Pty Ltd
- Simonds Land Development Pty Ltd
- Simonds Personnel Pty Ltd
- Simonds Queensland Constructions Pty Ltd
- Simonds SA Pty Ltd
- Simonds WA Pty Ltd



Head office

Level 1, 570 St Kilda Road, Melbourne Victoria, 3004

Victoria

Shop 12/172 Mclvor Road, Bendigo Victoria 3550

2/203-205 Woodward Road, Bendigo Victoria 3550

105-107 Argyle Street, Traralgon Victoria 3844

1/810-818 Princess Hwy, Springvale Victoria 3171

1 Plenty Road, South Morang Victoria 3752

9/22-30 Wallace Ave, Point Cook Victoria 3030

477 Latrobe Terrace, Geelong Victoria 3220

233 Anstruther Street, Echuca Victoria 3564

5-7 Clarence Street, East Bentleigh Victoria 3165

101 Main Street, Bairnsdale Victoria 3875

14 Stanley Street, Wodonga Victoria 3690

110-112 Graham Street, Wonthaggi Victoria 3995

New South Wales

Level 5/58 Norwest Blvd, Baulkham Hills

New South Wales 2153

302-308 Wagga Road, Lavington

New South Wales 2640

Queensland

3894 Pacific Hwy, Loganholme Queensland 4129

South Australia

280 Pulteney Street, Adelaide South Australia 5000

Builders Academy Australia

Level 4, 570 St. Kilda Rd, Melbourne, Victoria 3004

4, 13-15 Brough Street, Springvale Victoria 3171

City-Wide Building Training Services

16, 25 Ourimbah Road, Tweed Heads

New South Wales 2485



OUR OPERATIONS

Simonds Group's operations are proudly based in Australia including all of our directors, employees, operations and development projects. The majority of our contractors and suppliers are also Australian based companies, businesses, partnerships and sole traders.



Simonds Homes

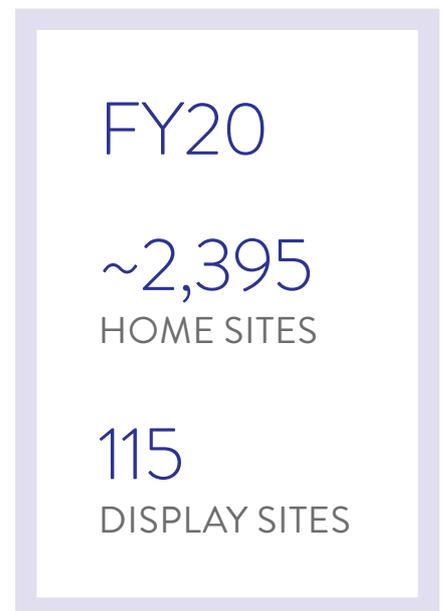
Simonds Homes is one of the largest volume home builders in Victoria with operations in New South Wales, Queensland and South Australia. In FY20 Simonds Homes was engaged in construction works across ~2,395 home sites and 115 display sites.



Builders Academy Australia

The Simonds Group operates a registered training organisation, Builders Academy Australia (BAA), which assists people seeking qualifications to enter the building and construction workforce or advance their careers.

The Academy provides high quality, nationally accredited building and construction qualifications in skilled needs areas. As a regulated sector, BAA continues to ensure that strong governance, quality management systems and processes are in place across its operations while aligning all activities with the needs of the building and construction industries. Every course is designed and delivered with the promise of 'builders training builders'.



Simonds Group operates wholly within Australia, using Australian building and construction suppliers, contractors, trades and employees.

OUR SUPPLY CHAIN

In FY20 Simonds Group had a total supply chain spend of circa AUD\$520 million with approximately 570 direct suppliers and contractors.

The diverse range of contractors within our construction business includes, but is not limited to, carpenters, painters, bricklayers, plumbers, plasterers, electricians, engineers, surveyors and cleaners.

Our direct and indirect procurement of goods spans the full spectrum of products required to build single and double storey detached residential homes including bricks, tiles, concrete, plumbing supplies, household appliances, lighting, hardware and a wide range of timber and metallurgical products.

Across our offices and training facilities we are a consumer of various office supplies, electronics and garments. We also require a variety of associated services to maintain and support our premises and staff.

The majority of our suppliers and contractors are based in Australia. We do not directly procure any products or raw materials from overseas. However, a number of our direct suppliers have their own complex and diverse supply chains for manufactured products and raw materials that can extend beyond Australian borders. We identify this extended supply chain as a potential at-risk area for modern slavery.



FY20

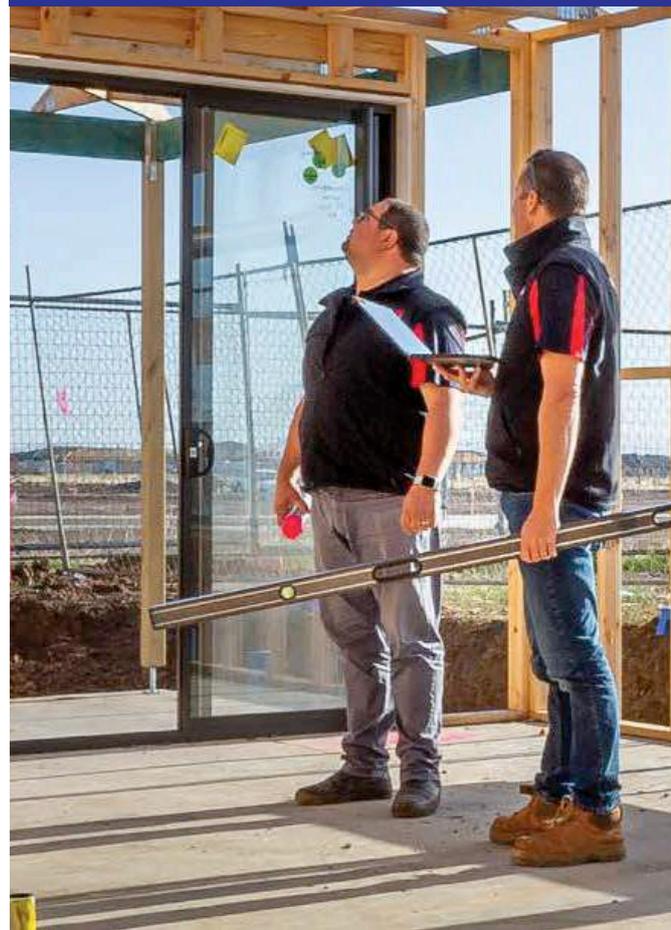
\$520M

OF GOODS AND SERVICES

procured from

570

DIRECT SUPPLIERS
AND CONTRACTORS



RISK ASSESSMENT

Simonds Group has undertaken a risk assessment of its operations and supply chain to identify those products, suppliers and contractors at risk of modern slavery.

This risk assessment divided our annual spend into 35 procurement categories. Each category was scanned for potential modern slavery risks in relation to the specific service, product, raw material, supplier and country of origin/ manufacture.

Based on the assessment, Simonds Group determined that it has a low risk of modern slavery within its operations. Simonds Group operates wholly within Australia, using Australian building and construction suppliers, contractors, trades and employees that are protected by Australia's industrial relations system. Our robust system of employment and safety policies and procedures ensure compliance with employment and safety regulations across the business.

All of Simonds Group's direct suppliers are also based in Australia. We do not directly procure any products or raw materials from overseas. However, Simonds Group recognises and acknowledges that our direct suppliers have their own complex and diverse supply chains for products and raw materials that may extend beyond Australian borders. We

identify this extended supply chain as a potential risk area for modern slavery, particularly in the areas of electronics (laptops, mobiles, printers, various home electronics and electronic security systems), garments (staff uniforms) and carpets.

Based on our risk assessment, the following key areas may present modern slavery risks within our supply chain:

Contractors

We directly and indirectly engage a wide range of contractors including carpenters, painters, bricklayers, plumbers, plasterers, electricians, engineers, and surveyors. We do not engage under-paid, unskilled contract labourers to work on our building sites and display homes.

We are strong advocates for the use of qualified trades, and heavily promote this through BAA. Accordingly, we do not consider our building and construction contractors to be at significant risk of modern slavery practices.

An identified at-risk area for Simonds Group is its engagement of contractors providing cleaning services to our corporate offices, building sites and display homes. Subcontracting is common in Australia's commercial cleaning sector. There are high risks associated with the indirect employment and use of vulnerable populations.

Procurement of goods and materials

By working in close collaboration with our suppliers, we can ensure that our building materials are sustainably sourced and that all of our key material suppliers hold the relevant accreditations for their respective industries.

Quality always counts. We value our suppliers' initiatives in respect to sustainability, safety, materials sourcing and people management within their businesses.

Simonds Group procures goods and materials directly and indirectly when our contractors procure materials under building contracts. The Global Slavery Index has identified a shortlist list of 15 imported products common in G20 countries, such as Australia, which present a risk of forced labour.

Simonds Group potentially has exposure to five product categories on the Global Slavery Index, as outlined below:

**Global Slavery Index:
Products at Risk of
Forced Labour**

Simonds Group response to potential exposure

ELECTRONICS

Simonds Group uses only recognised international brands of laptops, computers and mobile phones.

We have reviewed the modern slavery statements for those manufacturers and are aware that they are actively taking steps to eliminate modern slavery within their own supply chains and manufacturing processes.

We use a range of household electronics from Australian manufacturers and suppliers that contain both domestic and internationally made electrical components.

These electronics range from common household appliances like microwaves, through to security systems and climate control devices.

We have engaged with a number of the suppliers of those products in order to better understand the origin of the electronics provided to Simonds Group and its customers.

**APPAREL AND
CLOTHING
ACCESSORIES**

We provide a portion of our staff and contractors with branded uniforms from an Australian supplier.

We have engaged with the supplier to confirm the origin of all fabric and garments.

BRICKS

According to the Global Slavery Index, there is a high risk of modern slavery within the manufacturing of bricks in certain foreign countries.

We source all of our bricks from Australian brickworks.

TIMBER

Timber products comprise a significant proportion of most home builds.

They make up a large portion of our annual spend on construction materials.

All timber sourced by Simonds Group is Australian Forestry Standard (AFS) or Forest Stewardship Council (FSC) accredited.

These organisations are dedicated to promoting responsible management of the world's forests.

AFS and FSC use systems of forest certification, chain of custody and product labelling. These assist us to ensure that our timber products are responsibly sourced and free from modern slavery.



Our robust system of employment and safety policies and procedures ensure compliance with employment and safety regulations across the business.

RISK MITIGATION ACTIONS

Simonds Group has identified several system improvements and additional measures to mitigate risk of modern slavery within our operations and supply chains.

Safety culture

We are committed to our strong safety values and actively support the health and wellbeing of our employees and contractors. Safety is the cornerstone of our business, addressed as the first agenda item in every Simonds Group management meeting.

We proudly promote a positive culture of safety and wellness to all of our stakeholders. This was extended through COVID-19 with the establishment of engagement protocols and business continuity programs.

Simonds Group is recognised as an industry leader in building sector safety and has a strong presence in the Volume Building Safety Alliances in the states where we operate. We are committed to continuous improvement and 'best safety practice' in our systems. Our commitment to the wellbeing of workers has seen Simonds Group maintain better than average workers compensation industry rates.

Contractor management

Through our contractor management tool, LinkSafe, we monitor and report on contractor compliance to regulations, health and safety standards and workplace expectations.

We have commenced a new project that will build additional questions in LinkSafe to better identify modern slavery risks and allow contractors a discrete reporting avenue for any immediate concerns as they enter one of our sites.

Supplier Code

All of our major suppliers are required to comply with our Supply Chain and Contractors Responsibility & Commitment Statement ('Supplier Code'). We have updated our Supplier Code to specifically address our expectations regarding the elimination of modern slavery risks within our supply chain.

Part of our standard contractor agreement, the Supplier Code now includes obligations on suppliers and contractors to:

- take steps to identify and manage modern slavery risks within their organisation and supply chain
- ensure that they do not use any form of forced, compulsory, child or slave labour
- ensure that their employees work voluntarily and are entitled to leave work
- provide each employee with an employment contract and terms that adhere to the relevant employment laws
- permit Simonds Group to carry out inspections of their premises, in order to verify compliance with the Supplier Code.

Our registered training organisation, BAA, demonstrates our commitment to the advancement and protection of construction industry workers.



We will be introducing new course materials at BAA to ensure future generations of building and construction workers enter the industry with an awareness of modern slavery risks and how to eliminate them.

Simonds Homes is the first and only national residential volume builder to concurrently hold Quality, Environment and Safety certifications under Australian Standard 9001, ISO 14001 and AS4801.



Suppliers and contactors who do not comply with our Supplier Code are at risk of contract termination. All current suppliers and contractors have been notified of the terms of the updated Supplier Code in writing.

We carry out audits and inspections of suppliers and building sites on an ongoing basis to ensure that:

- ✔ construction standards are being met
- ✔ all occupational health and safety obligations are satisfied
- ✔ the rights of workers are respected according to law

We have adopted a detailed supplier due diligence questionnaire that deals specifically with modern slavery risks. Our risk assessment identified a number of suppliers and contractors that were potentially supplying at-risk products and services. All of those providers have been required to complete the due

diligence questionnaire. We are continuing to work with those suppliers to assess their supply chains. Going forward, the due diligence questionnaire will form a mandatory part of our supplier onboarding process.

Governance

As an ASX listed company, Simonds Group has a robust governance framework. Our Modern Slavery Policy sets out our commitment to ensuring modern slavery does not occur in our business or supply chain. We have also updated our Whistleblowing Policy to specifically address the confidential reporting of modern slavery within our operations.

Our employees are required to undertake regular training on internal processes and procedures as well as changes to regulation and developments in our industry. We have required all personnel engaged in procurement and human resources to undertake a dedicated training module on modern slavery risk.

COVID-19

Our risk assessment included a consideration of where and how the COVID-19 pandemic may increase the vulnerability of workers within our supply chain to modern slavery. In our view the pandemic will have the greatest risk impact within the cleaning and security sectors. Both industries have potentially high exposure to infected persons (though hospital and quarantine hotel work).

Cleaners will often work in several jobs at once to make ends meet. If such workers are restricted to only performing one role at a time (to limit the risks of community transmission of the virus) then they may become more vulnerable to exploitation in order to continue working 'off the record' or to maintain a higher paying role.

FUTURE PRIORITIES

We are committed to improving our approach to the elimination of modern slavery risks within our supply chain.

Our future priorities include:

LinkSafe

Updating our contractor management tool, LinkSafe, to include a range of questions at induction and compliance levels that are targeted at addressing modern slavery risks



Education

Introducing course materials within BAA to ensure future generations of building and construction workers have a heightened awareness of modern slavery risks and how to eliminate them



Onboarding

Requiring all contractors and suppliers to complete a modern slavery risk questionnaire during onboarding processes



Training

Requiring all Simonds Group employees to complete the modern slavery awareness training module



Assessment

Undertaking ongoing assessments of potentially at-risk supply chains, such as plumbing supplies, to better map and understand the source of all products we use in the construction of our quality homes.



ASSESSING EFFECTIVENESS

The General Counsel is responsible for assessing and addressing modern slavery risks, with oversight from the Chief Financial Officer.

The modern slavery risk assessment and approach will be reviewed annually and reported to the Board.

Recommendations will be actioned as part of our regular risk and compliance programs. The General Counsel will report to the Audit and Risk Committee and the Board on a bi-annual basis on steps taken to address any identified gaps in our modern slavery risk management approach.

On an ongoing basis our procurement teams will:



COMPLIANCE

Ensure suppliers and contractors complete due diligence questionnaires, and agree to the terms of our Supplier Code.



KNOWLEDGE

Continue to engage with suppliers to greater understand the source of manufactured products and electronics.



CORRECTIVE ACTION

Where risk issues are identified with a supplier, ensure that corrective action plans are created and implemented.



CONTINUAL IMPROVEMENT

Continue to engage with suppliers to identify points of improvement and track modern slavery risk awareness levels.





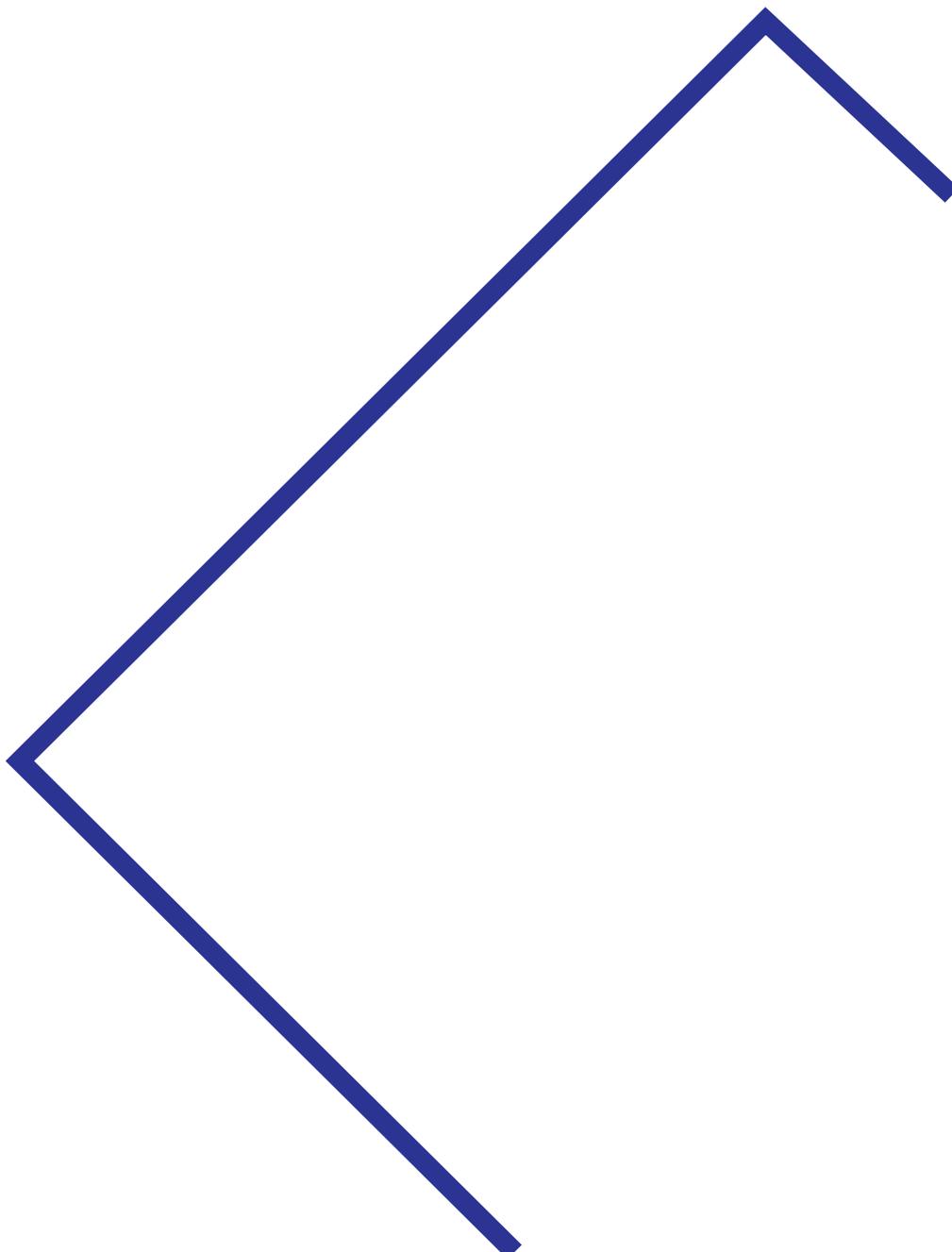


Simonds Group

THIS STATEMENT WAS APPROVED BY THE BOARD OF
SIMONDS GROUP LIMITED ON 30 MARCH 2021

Iain Kirkwood
CHAIRMAN

Rhett Simonds
GROUP CEO AND
MANAGING DIRECTOR



Simonds Group

simondsgroup.com.au