

Modern Slavery

Statement



LOCAL:

January 2024 – December 2024

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.

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01

Introduction

Introduction

At Local, we firmly believe that human rights and fundamental freedoms should be universally respected, regardless of geographical location. Our commitment to this principle is unwavering, and we adopt a Zero-Tolerance approach towards modern slavery. We are dedicated to proactively identifying and mitigating potential and actual risks of modern slavery resulting from our business activities.

Modern slavery remains a pervasive global issue, as highlighted by the 2021 Global Estimates revealing that an alarming **49.6 million** individuals were living in situations of modern slavery on any given day, coerced into forced labour or trapped in forced marriages (Walk Free Foundation).

Despite being a developed nation, Australia is not immune to modern slavery. The Global Slavery Index 2018 estimates that on any given day in 2016, approximately 15,000 people were enduring conditions of modern slavery within this country.

Recognising the urgency of addressing human rights, the Australian Government enacted the Commonwealth Modern Slavery Act in 2018. Under this legislation, modern slavery encompasses scenarios where individuals are subjected to coercion, threats, or deception to exploit them and deprive them of their freedom. Such situations encompass various forms of exploitation, including human trafficking, slavery, servitude, forced or unpaid labour, wage theft, unsafe working conditions, inadequate accommodation, debt bondage, passport confiscation, child labour, and deceptive recruitment practices.

The Act mandates that entities operating in or based in Australia, with an annual consolidated revenue exceeding

A\$100 million, report on the risks of modern slavery within their supply chains and undertake actions to combat it. Although Local’s current annual consolidated revenue falls below this threshold, we have voluntarily chosen to adhere to the Act’s reporting requirements. Our voluntary commitment reflects our dedication to transparency, accountability & a proactive stance against modern slavery.

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 before approval. This statement was approved by the Local: Residential Board of Directors on 4 March 2025.

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

49.6M people in modern slavery in 2021

27.6M in forced labour

22M in forced marriage

10M increase in 5 yrs since the last estimate

6.3M in forced commercial sexual exploitation

3.9M in state-imposed forced labour



02

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.

We currently have 30 employees in our head office in Kensington, Victoria, located at our first live asset, and we have two buildings under active construction in South Melbourne and Box Hill, Victoria.

We're in the process of commissioning at least 10,000 homes by 2030 with our investment partners. We currently have close to 1,300 dwellings secured in Melbourne and a further pipeline under active negotiation around Australia.

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.



03

Structure, Operations

&

Supply Chains

Company Structure and Operations

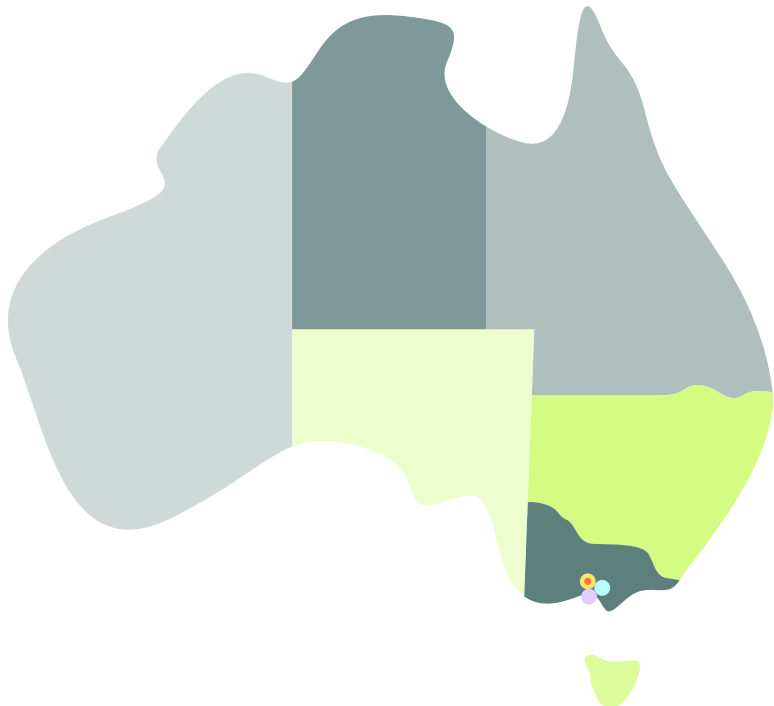
At Local, we firmly believe that human rights and fundamental freedoms should be universally respected, regardless of geographical location. Our commitment to this principle is unwavering, and we adopt a Zero-Tolerance approach towards modern slavery. We are dedicated to proactively identifying and mitigating potential and actual risks of modern slavery resulting from our business activities.

Operational Locations

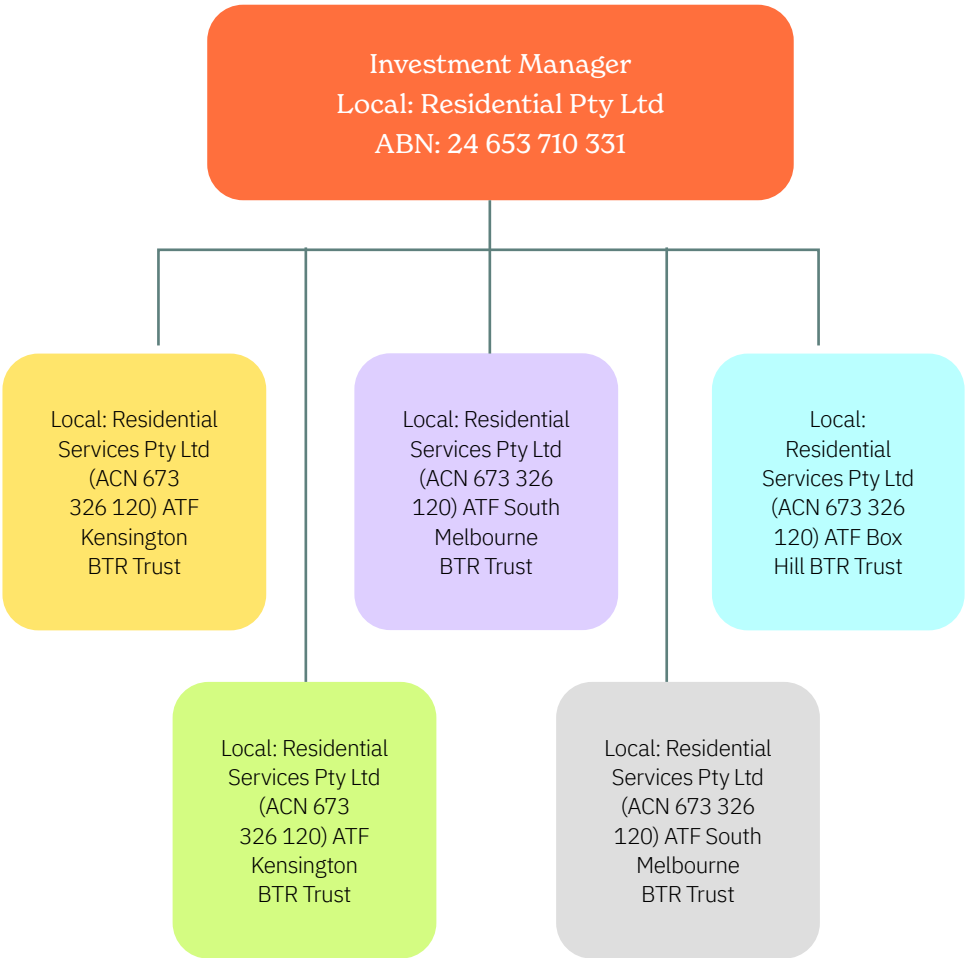


Corporate Structure

- Head Office**
VIC (Kensington)
- South Melbourne,**
VIC
- Kensington,**
VIC
- Box Hill,**
VIC



Investment Management Structure



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.

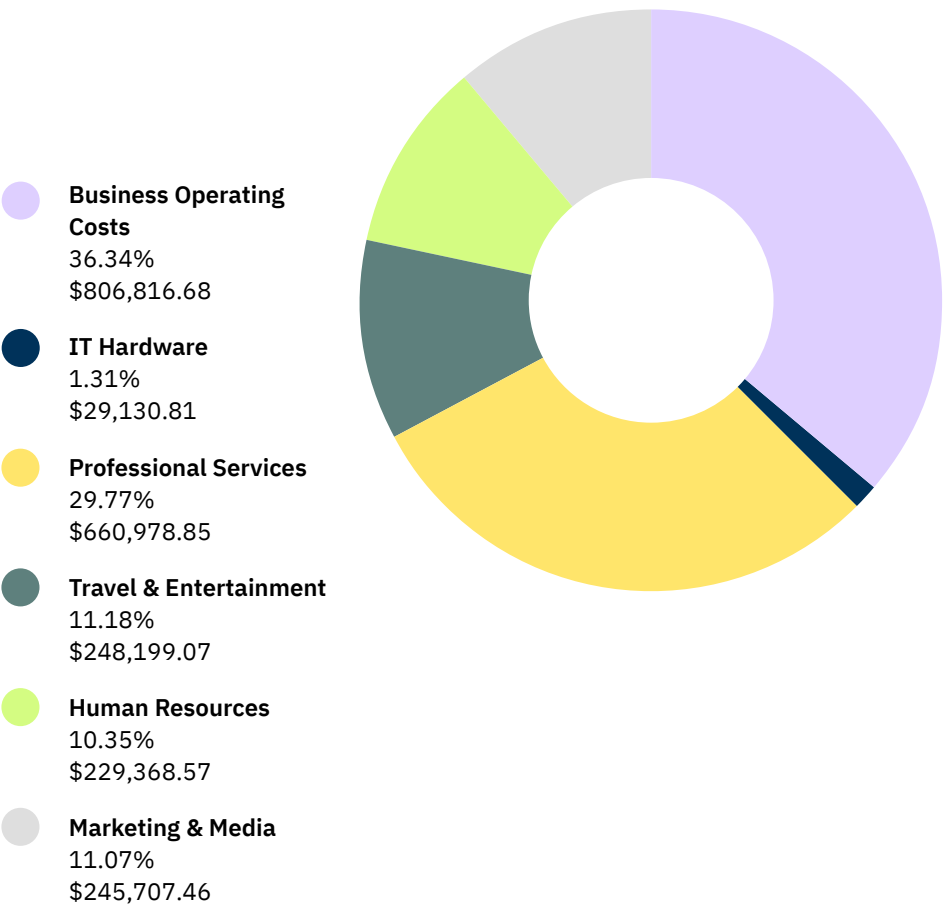
(The Global Slavery Index, 2018).

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 we are causing, contributing to, or directly linked to modern slavery practices.

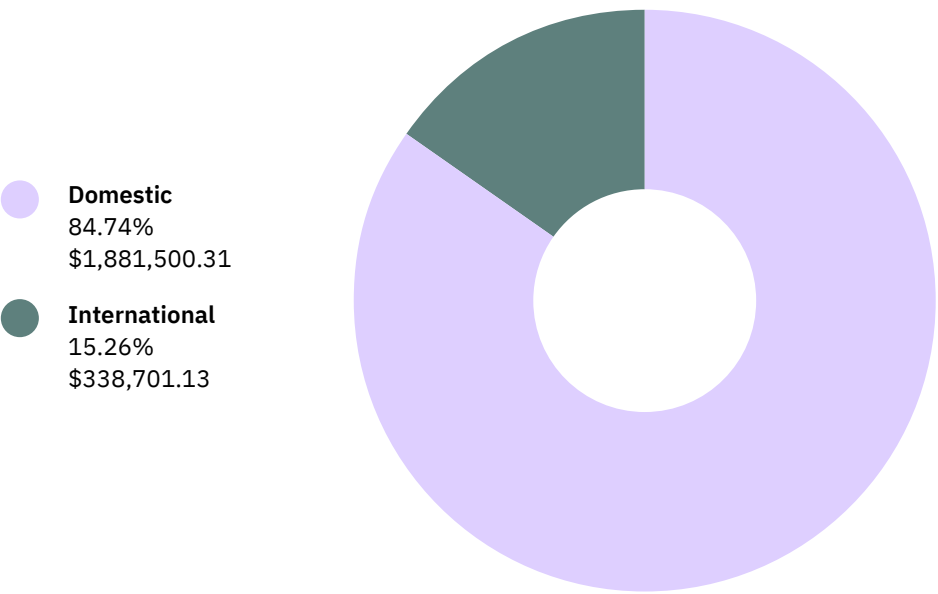
In 2023 Local spent approximately **\$2,220,201.44** on goods and services across **128** suppliers. These suppliers can be broadly classified across **6** categories:

- 1. Business Operating Costs
- 2. IT Hardware
- 3. Professional Services
- 4. Travel & Entertainment
- 5. Human Resources
- 6. Marketing & Media

Supply spend by category



Supply spend by country





04

Modern Slavery

Risks



Operational Risks

Local's systems and processes are designed to maintain inherently low operational modern slavery risk. However, recognising the complexity of modern supply chains and the potential for hidden risks, a comprehensive assessment has been undertaken to identify specific areas of concern. To inform our risk management procedures. This assessment will inform our risk management procedures moving forward.

Supply chain complexity: Complex and globalised supply chains may create challenges in tracing the origins of their products or raw materials, increasing the risk of inadvertently sourcing goods or services produced through forced labour or exploitation.

Lack of visibility: Limited visibility into lower tiers of the supply chain can make it challenging to identify and address potential instances of modern slavery. This lack of transparency can lead to vulnerability to exploitation within their supply chains.

Recruitment practices: Unknowingly engaging recruitment agencies or labour brokers that exploit workers through debt bondage, deceptive recruitment practices, or confiscation of identity documents, particularly in industries such as agriculture, construction, and hospitality.

Outsourced services: Outsourcing services such as cleaning, security, or manufacturing may be at high risk if subcontractors or suppliers engage in exploitative labour practices.

Compliance and regulatory risks: Failure to comply with Australia's Modern Slavery Act 2018 could result in reputational damage, legal penalties, and loss of business opportunities.

Lack of awareness and training: Insufficient awareness or training among staff and supply chain partners about modern slavery risks and indicators may hinder the ability to identify and respond to potential cases of exploitation.



Direct Supply Chain Risks

During the assessment period, 84.74% of Local's expenditure was with Australian suppliers. Australia's ranking on the Global Slavery Index is a testament to its low risk of modern slavery, positioned at 161 out of 167 countries; despite this, our analysis has revealed potential risks within the agriculture sector, particularly concerning the exploitation of temporary migrants in fruit and vegetable harvesting, marked by substandard living conditions, debt bondage, and underpayment.

In the context of our extended Australian supply chain, it is crucial to consider the possibility that locally procured goods may have originated from overseas sourcing, thereby amplifying the risk of modern slavery. This is especially true for key import risk areas, such as laptops, computers, and mobile phones, which are often manufactured in countries with inadequate regulations, such as China and Malaysia, where reports of forced labour persist.

The procurement of apparel and clothing accessories has been a source of concern due to reported cases of forced labour in China and abusive practices in India and Thailand. Similarly, food products such as rice, cocoa, and fish are also at risk of modern slavery, as evidenced by instances of forced labour in the Indian rice industry, exploitation in cocoa supply chains in West Africa, and harsh working conditions in the Southeast Asian fishing industry.

These findings underscore the importance of rigorous oversight and proactive measures to mitigate the risk of modern slavery across our supply chains, ensuring that ethical practices are upheld at every stage of production and procurement.



Indirect Supply Chain Risks

The 2020 KPMG & Australian Human Rights Commission Property, Construction, and Modern Slavery report shed light on sobering statistics: globally, approximately **7%** of the workforce in the property and construction sector are employed, yet an alarming estimated **18%** of modern slavery victims are found within the construction industry. Additionally, **22%** of forced labour victims are discovered in the manufacturing and production of raw materials, including forestry, mining, and quarrying.

Local acknowledges the inherent challenges within construction activities, which are labour-intensive and heavily reliant on international raw material supply, intricate global supply chains, and foreign labour. The complexity of these supply chains often leads to poor visibility into the manufacturing process and undermines confidence in the ethical sourcing of materials and services.

In the construction supply chain, raw materials such as bricks, clay, lime, cement, textiles, and natural rubber pose elevated risks of modern slavery practices. Importing materials from overseas further complicates matters, as it involves navigating complex supply chains with multiple tiers, including contractors and subcontractors, resulting in limited visibility for property and construction companies over modern slavery risks. Moreover, these raw materials are predominantly sourced from regions with a high risk of modern slavery, exacerbated by conflict, poverty, displacement, weak rule of law, corruption, and state failure to protect human rights.

Of particular concern are workers on temporary visas in Australia, including foreign workers, international students, and working holiday visitors, who are particularly vulnerable to modern slavery practices. Despite being a longstanding issue, migrant exploitation has intensified, with a notable increase in temporary visa holders in Australia over the past decade. The Australian Government Migrant Workers' Taskforce estimates that up to half of Australia's migrant workers may be underpaid, highlighting the urgent need for enhanced protections and vigilance within the labour market.



05

Actions

to Address

Modern Slavery



Governance

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

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 is responsible for implementing the organisation's ESG strategy 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 organisation's ESG management practices and performance.

The Impact Manager is responsible for ensuring that the organisation operates in accordance with its ESG management systems and reports to the Co-CEOs.

Upon completion, each Local building will have 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. Additionally, a Senior Resident 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

Local adopts and enforces appropriate corporate governance policies, including but not limited to:

Policy	Purpose
Code of Ethics	Outlines Local’s expectations for employees, individuals or organisations consulting for, or representing Local.
Conflicts of Interest Policy	Sets out Local’s framework and controls for identifying, preventing, and managing conflicts of interest, whether actual, potential, or perceived.
Grievance Policy	Sets out Local’s framework for identifying, managing, and reporting breaches and incidents .
Diversity, Equity & Inclusion Policy	Outlines Local’s commitment to promoting diversity, equity and inclusion and sets the foundation for creating a supportive and inclusive work environment.
Whistleblower Policy	Sets out Local’s framework and controls for reporting improper conduct, including information relating to protected disclosures.
Workplace Health & Safety Policy	Sets out Local’s expectations and framework for employees, individuals or organisations consulting for, or representing Local.
Anti-Money Laundering & Counter Terrorism Policy	Sets out Local’s framework and controls for identifying, managing, and reporting of breaches and incidents.
Anti-Bribery, Fraud & Corruption Policy	Sets out Local’s framework and controls for identifying, managing, and reporting of breaches and incidents.
Supplier Policy	Outlines Local’s expectations for its suppliers and sets out Local’s framework and controls for assessment, auditing, and compliance.
Social Procurement Policy	Aims to uphold Local’s core values through supplier relationships which create long term, sustainable value for our shareholders, residents, community and suppliers.
Materials Selection Policy	Ensure development projects prioritise the selection of building materials based on their environmental and health attributes.
ESG	ESG Policy outlines the ESG policies and management systems of the organisation and is made available to all Local employees and key stakeholders. This ESG policy is actively used by Local management and the Local Board of Directors to guide the decisions and activities of the organisation with respect to ESG matters.



Employee Training

While we have assessed the risk of modern slavery within our operations as low, we acknowledge the pivotal leadership role we hold in the supply chain and recognise the imperative for modern slavery education at every level of leadership.

Understanding modern slavery is foundational to effectively addressing its prevalence. As such, we have prioritised comprehensive training for all Local employees directly engaged with our supply chain. This training encompasses relevant topics such as:

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

By fostering a culture of awareness, vigilance, and ethical responsibility, we are committed to driving positive change and safeguarding against the risks of modern slavery throughout our operations and supply chain.



Supplier Onboarding and Modern Slavery Due Diligence

Local is unwavering in its commitment to upholding exemplary environmental, social, and governance (ESG) standards throughout its supply chain. We hold all suppliers to rigorous ethical guidelines, requiring adherence to the UN Declaration of Human Rights, as well as the Local Code of Ethics and Principals for Suppliers as integral components of their contractual obligations.

These standards encompass a comprehensive set of requirements concerning human rights and labour practices, including:

- Prohibition of child labour and subcontracting that engages child labour in any form of service delivery or manufacturing.
- Rejection of forced or involuntary labour, ensuring local and migrant workers have the freedom to terminate employment at will.
- Establishment of a workplace characterised by equal opportunities, devoid of harassment, discrimination, or bullying based on any personal attributes.
- Guarantee of employee respect and protection from retaliation when raising concerns about business conduct.
- Respect for employees' right to freedom of association.
- Provision of fair and equitable remuneration and benefits aligned with local living wages.
- Adherence to legal limits for regular and overtime hours, ensuring all overtime work is voluntary.

By upholding these rigorous standards, Local remains steadfast in its pursuit of ethical business practices, fostering a culture of fairness, dignity, and respect for all individuals within our supply chain.



Third Party Construction Contractors

In instances where Local assumes the role of development manager and is entrusted with appointing construction contractors for projects, stringent modern slavery risk mitigation measures are implemented to safeguard against exploitation and ensure ethical practices. These measures include:

- **Modern Slavery Statement Requirement:** All Head Contractors engaged by Local must maintain an up-to-date modern slavery statement, demonstrating their commitment to combating modern slavery within their operations and supply chains.
- **Appointment Process:** Prospective contractors undergo a rigorous selection process where they are required to provide a detailed account of their approach to modern slavery risk management as part of their tender or submission. Responses are meticulously evaluated and considered in the contractor evaluation and selection process.
- **Contractual Obligations:** Contractors are mandated to integrate any commitments made regarding modern slavery risk mitigation into their formal contractual terms for the project. Compliance with the UN Declaration of Human Rights and Local's Code of Ethics and Principals for Suppliers forms an integral part of these obligations.
- **Ongoing Monitoring and Reporting:** Contractors are obliged to provide monthly reports through the Project Control Group (PCG) to affirm their adherence to their modern slavery program and contractual undertakings, ensuring transparency and accountability throughout the project lifecycle.

In 2024, Local appointed **0** construction contractors, however, we work with developers who engage contractors who operate as a reporting entities under the Modern Slavery Act 2018. These contractors demonstrate a continued commitment to addressing modern slavery risks through the implementation of a Modern Slavery Policy and Statement.



06

Assessing

Our

Effectiveness

Assessing our Effectiveness

Area	2024 Action
Governance	Convene a 2024 modern slavery working group with members from all departments and business levels. The working group will be responsible for implementing the actions outlined in this modern slavery statement and continuing to identify areas of improvement within our business processes.
Governance	- Implement modern slavery compliance clauses in 100% of supplier and construction contractor contracts annually. - Conduct governance reviews annually to ensure alignment with modern slavery legislation and best practices.
Supplier Onboarding	- Ensure 100% completion and compliance with the automated supplier onboarding process within the specified timeframe. - Assess the approach to modern slavery, human rights, environmental, and anti-corruption issues for 100% of new suppliers annually.
Policies and Processes	- Implement Modern Slavery Policy across all levels of business. - Address all identified non-disclosure issues or concerns through remediation plans with agreed-upon timeframes for resolution.
Communication and Training	- Conduct modern slavery awareness and recognition training sessions for all new and existing Local employees annually. - Increase employee engagement and comprehension of modern slavery-related matters by 50% compared to the previous year.
Compliance Monitoring	- Conduct regular audits on supplier and contractor compliance with modern slavery legislation & contractual obligations, with documented findings and follow-up action. - Monitor and track instances of modern slavery identified within the supply chain, taking appropriate mitigation actions.
Continuous Improvement	- Implement recommendations for improvement generated from governance reviews, supplier assessments, and compliance monitoring activities within specified timeframes. - Continuously improve modern slavery risk mitigation processes and procedures, benchmarked against industry standards and best practice.



LOCAL:

Thank you