

2022

ASDAM GROUP MODERN SLAVERY STATEMENT

JUNE 2022

BRENDAN CHURCHILL

ASDAM HOLDINGS PTY LTD
153 KEYS ROAD
MOORABBIN
VIC 3189

Contents

Introduction 2

Reporting entity 2

Our structure, operations & supply chain 3

 Structure 3

 Overview of operations 3

 Marand..... 3

 Levett 4

 Supply chain overview 4

 Marand..... 4

 Levett 6

Modern slavery risks in our operations and supply chain 7

 Operations 7

 Supply chain 7

Assessing and addressing modern slavery risks 9

Assessing effectiveness..... 11

Consultation process..... 11

Other information..... 12

 COVID-19 impacts **Error! Bookmark not defined.**

 Action plan 12

 Sign off 12

Introduction

ASDAM Holdings Pty Ltd (ACN 631 990 086) (**'ASDAM'**) has prepared this Modern Slavery Statement ('the **Statement'**) in accordance with the requirements of the Australian Modern Slavery Act 2018 ('the **Act'**). The Statement provides an overview of potential modern slavery risks in the organisation's operations and supply chain, as well as actions taken by ASDAM to manage those risks for the year ending 30 June 2022 ('the **Reporting Period'**).

For the purposes of this Statement, ASDAM will be using the definition of modern slavery as described in the Act, which includes the following types of human exploitation:

- *trafficking in persons;*
- *slavery;*
- *servitude;*
- *forced marriage;*
- *forced labour;*
- *debt bondage;*
- *deceptive recruiting for labour or services; and*
- *the worst forms of child labour.*

Reporting entity

This is a joint Statement on behalf of ASDAM and its two wholly-owned operating entities: Marand Precision Engineering Pty Ltd (ACN 004 763 688) (**Marand**) and Levett Engineering Pty Ltd (ACN 065 311 506) (**Levett**).

Both ASDAM and Marand are reporting entities as per the Act's definition and are therefore required to prepare a modern slavery statement.

While Levett is also an Australian-based company within the ASDAM group, it did not meet the revenue threshold during the reporting period. However, it is included within the scope of this modern slavery statement on the basis that it operates under a common board and management structure that also covers ASDAM and Marand.

ASDAM has a centralised team of core management executives and a Board of Directors that oversees both operational entities of the group.

Section two of this Statement provides a more detailed overview of ASDAM's corporate structure.

Our structure, operations & supply chain

Structure

ASDAM is the ultimate controlling entity but is a holding company only and does not have any of its own operations. Therefore, this Statement is focused on the operations and supply chains of the operating entities (Marand and Levett), including an overview of potential modern slavery risks and the efforts to identify and mitigate any such risks.

In addition to Marand and Levett, ASDAM is the controlling entity of the following wholly-owned, non-operating subsidiaries:

- *ASDAM Finance Pty Ltd (ACN 631 992 786);*
- *ASDAM Operations Pty Ltd (ACN 631 993 710); and*
- *Marand Holdings Pty Ltd (ACN 622 319 019).*

Marand is also the controlling entity of Atlas Rail (UK) Ltd, a rail engineering and services company with operations in the United Kingdom, Marand US Holdings LLC, a ground support sustainment business based in the United States and Marand Precision Engineering NZ Ltd, a rail engineering and services company operating out of New Zealand. Each of these businesses are also overseen by the same centralised ASDAM team of core management executives and Board of Directors. Note that Atlas Rail (UK) Ltd, Marand US Holdings LLC and Marand Precision Engineering NZ Ltd are not reporting entities, as they are not Australian entities or foreign entities carrying on a business in Australia.

Overview of operations

Marand and Levett are Australian-based companies that employ approximately 290 and 65 people, respectively. Atlas Rail Ltd, Marand US Holdings LLC and Marand Precision Engineering NZ Ltd each have operations outside Australia in the UK, USA and NZ respectively. The workforce consists of both contractors and full-time employees.

Marand

Marand is an engineering, manufacturing, and sustainment business, that designs and manufactures jigs, fixtures, special purpose equipment, machine tools, ground support equipment, and machines and assembles aerostructures. This work supports customers in a range of industries including defence, aerospace, rail, mining, energy, and automotive sectors.

Marand operates under the following two divisions:

- Marand Defence Partnerships, which services prime contractors in the defence industry; and
- Marand Precision Engineering, which encompasses all aspects of Marand's business outside of defence.

Key product offerings of Marand Defence include the manufacturing and assembly of aircraft vertical tails, F-35 engine trailers and cure, trim and assembly tooling that is used in the production and assembly process of F-35 fighter jets.

Marand Precision Engineering encompasses all aspects of Marand's business outside of the defence industry. The business is comprised of the following sub-divisions:

- Automation: Designs, manufactures and sustains automated solutions such as automated production lines or automated maintenance facilities.
- Service, provides ongoing sustainment service to our own and 3rd party machinery primarily in the mining and rail industries
- General Manufacturing, provide general fabrication and manufacturing work and is often a lead into new customers where we can solve a specific problem through this offering
-

Marand currently operates out of two facilities, both located in Victoria, Australia. The entity's head office and primary operating facility is located at Moorabbin, with a secondary operating facility located at Geelong, Victoria. The primary facility capabilities include engineering, machining, welding, assembly, inspection, and commissioning while the secondary facility capabilities include machining and welding.

Levett

Levett is a leading Australian supplier of precision components and assemblies for the defence and commercial aerospace industries. Levett specialises in recurring small to medium-size machined parts, and small assembled or vacuum brazed parts.

The business currently operates from a facility located in Elizabeth South, South Australia. Manufacturing capabilities include machining, assembly, and inspection services for a range of complex titanium, aluminium or alloy components.

Supply chain overview

Levett and Marand utilise separate sets of suppliers to support their operations. Both entities engage suppliers from various industries that offer products and services that enable Levett and Marand's manufacturing of core products (for example, suppliers of steel, aluminium and electrical components or equipment) and office operations (this would include, for example, suppliers of office services and supplies, real estate services and insurance brokers). The following section provides a more detailed overview of each entity's supply chain.

Marand

Marand has a direct (or tier 1) supply chain of close to 1,000 suppliers, the majority of which are Australian-based companies. However, a number of Marand's suppliers are overseas-based companies including suppliers from the following regions:

- Southeast Asia;

- North America; and
- Throughout Europe.

The vast majority of Marand's tier 1 suppliers include companies that provide one-off services and products to Marand on a transactional, ad hoc basis. However, Marand does rely on a handful of key suppliers to provide the company with the raw materials and services that are critical to the company's ongoing operations.

Examples of key supplier types that are critical to Marand's operations include:

Raw material suppliers (typically steel and aluminium), which are considered critical to the company's operations;

- Special process suppliers that offer key services such as painting and chemical processing;
- Suppliers of bespoke and commercial goods;
- Construction or civil engineering services;
- Sub-contract manufacturing;
- Equipment hire; and
- Utilities.

In some instances, Marand's sourcing of materials and services is limited to suppliers who have specific quality and ethical sourcing requirements in place, from a pre-approved list provided by its customers (such as in the defence space).

Marand's ability to significantly influence the practices of its suppliers is relatively low, however the company does enter into written, long term agreements with some of its key suppliers.

A formal supplier management process was implemented at the start of FY22 for all new suppliers. The steps involved include:

- Completion of a supplier approval request form
- The responses to the questions are risk based and depending on the responses one or more of the following forms are required to be sent to the supplier to complete:
 - Quality
 - Safety & Environment
 - Ethical Trading
 - Commercial
 - Security

Once the supplier completes the forms these are reviewed and approved by the QHSE Manager and the Financial Controller where further information is requested if required (such as, proof of certifications, insurances, licences, modern slavery statements).

The Ethical Trading form includes specific questions about Modern Slavery such as whether the supplier has a specific Modern Slavery statement or policy, whether the supplier conducts its own Modern

Slavery assessment of its supply chain and specific questions about the supplier's employment conditions.

Levett

Levett's has a direct supply chain of about 250 suppliers that includes both international and Australian-based companies. Although the vast majority of Levett's suppliers are Australian entities, international suppliers include companies from the following regions:

- North America;
- Middle East;
- Central Europe;
- Southeast Asia; and
- Western Europe.

Similar to Marand, Levett's major clients may request that the company sources key materials from a list of pre-approved suppliers.

Levett has established long term relationships with suppliers of raw materials and hardware, particularly for products that are considered critical to the company's operations. Each of those suppliers have been screened for quality and ethical practices by Levett's quality and accounts teams and hold relevant accreditations such as AS9100, ISO9001 and AS9120.

During the process of onboarding new suppliers, where a supplier does not hold any of the aforementioned sought after accreditations, Levett will request that the supplier respond to a tailored questionnaire. This questionnaire focuses on key quality and compliance areas such as whether suppliers undertake the necessary reviews to ensure compliance with legal requirements, as well as the existence of key written policies in place and processes to implement them such as:

- Code of Conduct or Responsible Trading Policy;
- Bribery and Anti Corruption;
- Provision of gifts & hospitality to government officials or government employees;
- Hiring of current or former government officials or government employees; and
- Human trafficking.

Supplier audits are undertaken to ensure quality is maintained based on Levett's audit procedures manual, which ensures that the quality team applies a consistent approach in its supplier assessments and audits.

In addition, all suppliers engaged by Levett are subject to the company's Terms and Conditions. Levett expects all its suppliers to embrace ethical values and legal compliance practices (including a method for reporting possible violations). As such, the company has embedded Inducements & Ethics clauses in its trading Terms & Conditions.

Modern slavery risks in our operations and supply chain

Operations

Marand's workforce comprises mostly permanent, Australian-based employees. During the reporting period, Marand engaged a small number of agency workers (on average, 5% of workforce). Agency workers include finance contractors and trade apprentices who perform the practical component of their apprenticeship with Marand. The trade apprentices complete their trade apprenticeships with Marand and in most cases are then offered a permanent role as a qualified tradesperson upon completion. The trade apprentices comprise 86% of the total agency workforce.

Similar to Marand, Levett's workforce consists largely of permanent, Australian-based employees. The company does not engage any temporary or agency workers. A small number of the permanent employees do have Australian work visas as a condition of their employment, but are otherwise treated identically to all other staff, with regards to policies, procedures, benefits and remuneration.

Groups such as international migrant workers, agency workers and base-skilled workers may be more vulnerable to modern slavery risk. However, both Marand and Levett have robust policies in place to manage potential harassment, ethics and human rights violations in their operations, in order to safeguard their workers' rights. These policies and procedures are highlighted in the section titled Assessing and addressing modern slavery risks of this Statement.

Supply chain

ASDAM'S two operational entities engaged approximately 1,250 direct suppliers in their operations during the reporting period.

A high level risk assessment of Marand's and Levett's direct suppliers was undertaken as part of the preparation of this statement, based on geographic location and type of good or service provided.

The country-based modern slavery risk is based on the Global Slavery Index and is influenced by the following factors:

- Governance issues;
- Lack of basic needs;
- Inequality;
- Disenfranchised groups; and
- Effects of conflict.

Procurement categories were assigned to each supplier, based on the goods or services provided, and were then screened for five social risk categories:

- Labour rights & decent work;
- Health & safety;
- Human rights;
- Governance; and
- Community infrastructure.

Although the majority of the suppliers are Australian companies, a number of suppliers are located in countries where modern slavery risks are more prevalent, with the countries assessed as highest risk being China and India.

The procurement category risk assessment indicated that Marand and Levett engaged with suppliers from the following higher risk categories during the reporting period:

- Electrical components & equipment
- Steel
- Aluminium
- Office services & supplies
- Human resource & employment services
- Food retail

While we understand suppliers located in Australia are generally regarded as lower risk, due to the robust laws and regulations in place, these suppliers have complex supply chains spread across a number of geographies. As such, it is expected that elevated modern slavery risk likely exists beyond our direct supply chain (Tier 2 and beyond).

Assessing and addressing modern slavery risks

There were no known reported incidents in Marand or Levett's operations or supply chain relating to human rights violations brought to management's attention during the reporting period.

In an event of any known violations at Marand and/or Levett, a member of the senior management team will be made aware of the violation, and where required, the CEO will also be made aware. Appropriate corrective action will be taken to remediate and resolve the matter.

Marand and Levett have policies and procedures in place as part of their commitment to providing a safe and respectful working environment for everyone.

At Marand, these policies have been expanded to now include:

- A **Whistleblower Policy**, which outlines Marand's commitment to operate to the highest standards of conduct in its business activities, and the reporting of behaviours that fail to meet this standard. This is to ensure that at Marand, everyone contributes to their culture of accountability and risk management. The Whistleblower Policy is open to external parties, including suppliers and their employees, and is publicly available on the company's website.
- A **Discrimination, Harassment and Bullying Policy**, to reinforce Marand's commitment to providing a safe and respectful working environment, one that is productive and harmonious for all workplace participants. It provides a clear understanding of Marand's expectations of appropriate standards of conduct and breaches and complaint handling.
- A **Business Ethics and Conduct Policy** including the Code of Conduct for all Marand's employees, to manage and operate business activities in alignment with applicable laws and high ethical standards to uphold Marand's values of integrity and fairness.
- An **Occupational Health and Safety Policy**, which sets the framework of Marand's key values in pursuit of protecting the health and safety of employees and the public, as well as the provision of products and services that are healthy and safe for Marand's customers.
- An **Environmental Policy** that details Marand's commitment to conducting business affairs with high standards of integrity and concern for the environment. All employees at Marand are expected to abide by the requirements of the environmental management system and work to minimise environmental impacts.

Levett maintains an ethics and compliance program that includes a written code of conduct, training and awareness for all employees. Levett has adopted the following policies that underpin its operations, which are communicated with employees through internal channels and monthly update meetings:

- A **Human Resources Policy and Procedure Manual** inclusive of workplace conduct, workforce management, and workplace health and safety policies, which all employees are required to familiarise themselves with as a term of employment with Levett.

- The Human Resources Policy and Procedure Manual also includes a **Human Slavery and Trafficking Policy**, which applies to all Levett employees and contractors. The aim of this policy is to ensure all employees and contractors at Levett have a clear understanding of human slavery and trafficking activities.
- Levett's **Equal Opportunity Policy** outlines the mechanisms in place to enable victims of alleged discrimination to report inappropriate activities. For any reported incidents where investigative procedures are considered necessary, the policy outlines the relevant procedures that ought to take place. Once an investigation has been completed all parties will be informed of any action that has been decided upon, and the reasoning for that decision. If the employee who lodged the complaint is unhappy with the decision, they will be notified of their right to refer the matter to an external authority (i.e. the Equal Opportunity Commission or The Australian Human Rights Commission). A more detailed Grievance Policy that sets out the processes for handling of work-related grievances at Levett is also included in the Human Resources Policy and Procedure Manual.
- A **Health and Safety Policy** in place, which recognises Levett's moral and legal responsibilities to provide a safe work environment, which extends to ensuring Levett's operations do not place the local community or environment at risk of injury, illness or damage.
- An **Environmental Policy** detailing Levett's commitment to manage all aspects of operations in an environmentally responsible manner at all times.
- A **Business Ethics and Conduct Policy** that includes Levett's Code of Ethics, a supplement to existing policies and procedures at Levett to uphold the responsibilities to operate to the highest standards of conduct and personal integrity, and continual adherence to all applicable laws and regulations.

The policies and processes currently in place across both Marand and Levett have helped to give comfort that human capital and human rights issues have been effectively managed and addressed. However, we recognise that it is important to continually improve our processes and controls to ensure modern slavery risk is adequately managed. Moving forward, ASDAM and its operating entities will leverage and enhance these controls to ensure that human rights and modern slavery risks are appropriately identified, managed and remediated when required.

Assessing effectiveness

ASDAM and its operating entities, Marand and Levett, are continuing to evolve appropriate initiatives to manage the potential risks of modern slavery in their operations and supply chain. These are determined as part of our broader action plan, which also includes monitoring and reporting processes to track the progress of these initiatives.

The action plan assists ASDAM gain a better understanding of potential risks and options for the company to effectively manage those risks within both operating entities and as a group.

During the last 12 months the following steps have been taken in line with the action plans: -

- An improvement to the supplier approval process at Marand as noted above.
- Further, as part of this supplier approval and renewal process Marand has removed two active suppliers based upon the modern slavery risk assessment process.
- Quarterly board reporting put in place covering Modern Slavery and broader ESG management

Consultation process

As mentioned in the Reporting entity section, ASDAM has a centralised team of core management executives and a Board of Directors that oversees both operational entities of the group: Marand and Levett.

Members of the core management team, as well as executives from both Marand and Levett were involved throughout the Statement development process and the ongoing actions to manage Modern Slavery and ESG in our business.

The Statement was then reviewed and approved by the ASDAM Board of Directors, which oversees the operations of all subsidiaries that form part of the ASDAM group.

Other information

Action plan

ASDAM is continuing to develop and evolve its action plan that will allow the company to establish a robust approach in assessing and managing any potential modern slavery risks. As part of this plan, ASDAM is looking to gain a better understanding of the actions required in order to appropriately respond to any modern slavery issues. This could include, but may not be limited to, the development or enhancement of relevant policies, offering employee training, expanding our risk assessment and ongoing due diligence processes and examining appropriate remediation and reporting processes, as needed.

During FY23 the focus will also be on expanding the scope to new businesses acquired by the group in August 2022.

Sign off

This Statement has been prepared by ASDAM's management team in collaboration with Marand and Levett executives.

The Statement has been approved by the ASDAM Board of Directors.



Rohan Stocker
Chief Executive Officer



Tyson Smith
Director