

# Modern slavery statement

Financial year 2020/21



safety first 

# 20/21

# A zero tolerance approach to modern slavery.

Our Modern Slavery statement covers McNab and all related parties and subsidiaries for the financial year ending 30 June 2021.

Within this document we outline the standards, policies and processes that contribute to our control framework to proactively protect against modern slavery and respect human rights.

We explain how we will assess and mitigate modern slavery risks, track our performance, collaborate with stakeholders and build capacity around these issues.

## Our structure

McNab operates as one unified business, comprised of the following entities:

- McNab Developments (QLD) Pty Ltd
- McNab Employee Holdings Pty Ltd
- McNab Equipment Hire Pty Ltd
- McNab Constructions Pty Ltd
- McNab Enterprises Pty Ltd
- McNab NQ Pty Ltd

During the reporting period, we actively engaged and consulted with the stakeholders of all of the above entities in the development of this statement.

We discussed details of the Australian Modern Slavery Act 2018's reporting requirements, the actions we intend to take to address these requirements and provided stakeholders with relevant materials and updates.

## Our approach

This statement describes our actions to strengthen McNab policies and performance in accordance with the Australian Modern Slavery Act 2018.

It outlines our continued efforts to work collaboratively with stakeholders in detecting risks of modern slavery in our business and supply chain and ensuring we have appropriate responses in place.

McNab is focused on developing awareness of modern slavery risks, better understanding our supply chain and associated risks, as well as imbedding our recently implemented systems and strategies to gather information on, review and manage these risks.

## Our pledge

McNab conducts all business activities with honesty, integrity and highest ethical standard at all times, in line with our company values.

We have a zero tolerance approach to modern slavery and any action or inaction that contributes to the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

We are fully committed to identifying and preventing all types of modern slavery, being human trafficking, slavery and slavery practices, child labour, unsafe and unlawful work and employment conditions, throughout our operations, subcontractors and supply chain.

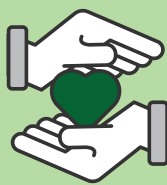
We have implemented systems and controls to combat modern slavery within our business and across our supply chain, and will continually challenge ourselves to improve these.

## Our company values



### Safety First

We plan ahead.  
We never walk past a single safety issue.



### Care

We genuinely care about our people, clients and subbies.  
We build relationships based on respect for ourselves and others.



### Passion

We love what we do and have fun doing it.  
We're curious and nimble.



### Growth

We don't do comfort zones.  
We really listen and rely on feedback.



### Response-able

Working together, we make the impossible possible.  
We own our mistakes and our successes.

# A people business as much as we are a construction business.

## Our business

Since we began over twenty five years ago in 1996, McNab has grown to become one of the largest private construction companies in Queensland, working on projects up to \$120m in value with an annual turnover over \$400m.

With more than 300 staff based across South East Queensland and a supply chain spanning Australia and overseas, we've built a reputation for delivering high quality, award winning developments for some of the best brands in Australia.

McNab operates as the head contractor in commercial construction, design and engineering projects. As such we engage a large subcontractor workforce and work with a vast number of manufacturers and suppliers of natural resources and raw materials.

These relationships are direct – through our own local sourcing and overseas procurement, and indirect – with our subcontractors sourcing their own supplies and materials.

McNab is a people business as much as we are a construction business. Our values are behind everything we do and they're shared by everyone across the business and all those who are part of our supply chain.

All supplier, subcontractor and consultant selection includes due diligence of each party's reputation and respect for the law.

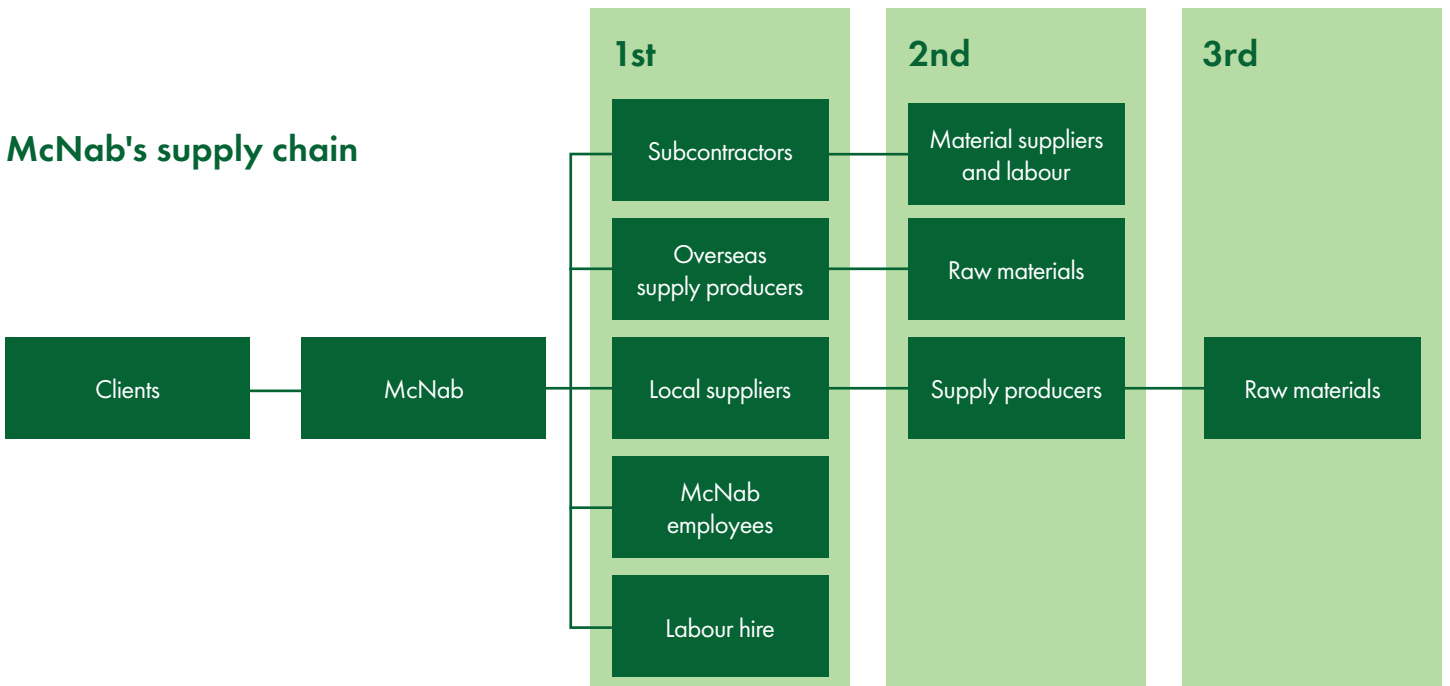
We take into consideration the location of our supply chain partners, the original supply location and the type of goods and services.



### McNab's selection process includes but is not limited to:

- Compliance with government mandated standards
- Compliance with health and safety standards
- Compliance with government mandated standards
- Compliance with health and safety requirements
- Compliance with environmental requirements
- Coordinating industry references

### McNab's supply chain



# Shifting our focus to McNab's supply chain.

## Our biggest risks

McNab expects our suppliers to ensure that all employees and contractors engaged within their businesses are legally entitled to work and that no forms of slavery are evident. McNab has conducted a risk assessment to identify key risks in our supply chain and business operations. These risks can be dynamic and complex to navigate. This assessment has identified that the biggest modern slavery risks across our business operations and supply chain are:

### Forced labour

Being forced to work against their will under threat of punishment.

### Debt bondage/bonded labour

Being forced to work to pay off debt, or over identity bondage or threat of having visa revoked.

### Human trafficking

The use of violence, threats or coercion to transport and recruit people in order to exploit them for forced labour.

### The worst forms of child labour

Children being forced to do dangerous work.

## Supply chain

Having a supply chain operating in both local and overseas markets, McNab has identified that the two biggest modern slavery risks within our supply chain are:

1. **Local subcontractors and suppliers** who engage visa workers and use a labour hire workforce.
2. **Overseas suppliers and supply producers** – particularly those whose facilities are based in high risk countries as identified by the Global Slavery index<sup>1</sup>.

### Local subcontractors and suppliers

Many of these workers are immigrants, temporary visa workers, apprentices/trainees or other vulnerable groups, who may be less aware of their rights and more susceptible to exploitation.

The biggest modern slavery risks for this group include:

- Forced labour
- Debt bondage/bonded labour
- Human trafficking

### Overseas suppliers and supply producers

International supply chains and producers are particularly susceptible to labour rights violations and modern slavery risks. Forced labour, debt bondage/bonded labour and child labour are of particular concern within the construction industry. The reasons for this can be attributed to a variety of factors, including:

- International supply chain workers may be from countries with poor track records when it comes to human and labour rights and may have cultures of corruption.
- The involvement of multiple parties across international supply chains often gives rise to the risk of inconsistent labour standards within such supply chains and a fragmented system of regulatory oversight.
- Practical limitations on effective enforcement of basic conditions throughout complex international supply chains, owing to the number of jurisdictions in which supply chain activities may be performed and the number of parties involved.

Within our local and overseas supply chain McNab has put in place the following controls to address these risks:

- Conducting surveys during initial letting and contract award to identify relevant risk areas, and understand management practices of our subcontractors and suppliers.
- Contract clauses ensuring compliance with the Australian Modern Slavery Act 2018.
- Due diligence conducted with subcontractors on the conditions under which they pay their staff.
- An overall increase in direct overseas procurement, rather than engaging local suppliers to source materials from overseas. This strategy reduces McNab's risk and strengthens our ethical position in the market by allowing us to have direct access to factories and conduct our own inspections to ensure adequate working conditions and treatment of workers.

Grievance and remediation measures to support our modern slavery statement include:

- Code of Conduct, Whistleblower and grievance policies and procedures.
- Third party investigations where required.
- Training and education through educational resources for our supply chain and our elearning module for employees.
- Proactive engagement and support to subcontractors on any potential issues.
- Coordinating industry references.

## Operations

McNab's direct workforce is circa 330 company employees; predominantly employed in operational roles including Project Managers and Engineers, Site Managers and Foreman, Contract Administrators, Carpenters, General Labourers, Apprentices and Cadets.

The majority of our workers are employed directly and on a permanent basis, which reduces the risk of modern slavery.

Our operating employment framework complies with all local laws and covers core employment conditions including but not limited to minimum wages, hours of work and leave entitlements.

Within our operations business, the key risks we need to mitigate are when we engage a third party for employment such as using labour hire or recruitment agencies to fill roles. The increase in risk is due to McNab not having direct control over the screening process of employees.

As part of mitigating these risks we:

- Conduct due diligence when engaging with any third party labour providers;
- Have a number of avenues for raising grievances including an active Human Resources team and dedicated business partners who regularly visit all sites.

Given that our supply chain does present the biggest risk of Modern Slavery to the organisation, we have identified this as our key area of focus over the past 12 months and it will continue to be our focus moving forward.



# Communicating our progress and commitments.

## Our progress

Over the past 12 months McNab has continued to take steps to assess and address modern slavery risks. Our key focus over this period has been to educate and increase awareness across both our own business as well as across our supplier and subcontractor network. Over the past 12 months we have:

- Established a workgroup of representatives from different roles including senior management and representatives across all of our entities, to understand the modern slavery risks we as a business are facing, and come up with strategies for assessing and addressing these;
- Implemented survey questions into our tender process for subcontractors and suppliers to collect information on their understanding of modern slavery and the modern slavery risks that exist in their operations and supply chains. This information is collected and reviewed by the project team upon receipt, and also reviewed regularly by our workgroup to identify areas where support or intervention is required, as well as any trends across our supply chain;
- Strengthened supplier and subcontractor contracts with additional clauses on compliance with Modern Slavery legislation;
- Incorporated educational resources about modern slavery into our subcontractor start-up packs to develop their awareness of modern slavery, and continue to have open and supportive conversations during the award meeting to ensure they understand how to identify risks and implement initiatives to address these; and
- Developed a tailored eLearning module for all employees to educate them on what modern slavery is, how it may show up in our operations and supply chain, and what their role is in helping us to combat it, including training on the new initiatives implemented.

## COVID19 impact

### Impact on industry

The COVID19 pandemic has increased the vulnerability of workers in overseas operations and supply chains to modern slavery. Within Australia, despite COVID-19, there has been significant growth in the construction industry which is placing increased demand on low skill workers in high risk geographies.

Material supply shortages, onsite labour shortages, border closures, lockdowns across multiple countries and within countries has seen factories close and workers stood down. Sudden loss of income for some people in affected industries would have led to desperate attempts to secure work making these people vulnerable to modern slavery.

Within the construction industry, as the demand on the industry picks up, the vulnerability of the workers in particular in high risk geographies will be exacerbated. People will choose/need to work, irrespective of the conditions.

In response to the increased risk of modern slavery within our operations and supply chain, we have introduced additional measures to mitigate heightened modern slavery risks. These include:

- Additional early payment arrangements to help ensure ongoing cash-flow for the smaller businesses we engage;
- Increasing our focus on educating our staff and subcontractors on the risks associated with modern slavery to heighten awareness during times of increased pressure on the supply of materials and the demand on labour within the industry.

### Impact on our Modern Slavery action plan

As a result of COVID19, there have been some impacts to our progress against our Modern Slavery commitments as resources and the focus of the Management Team has at times been focused elsewhere. Due to this, the roll out of our eLearn and the implementation of our survey questions to suppliers and subcontractors occurred later in the financial year than originally planned.

Travel restrictions caused by border closures and lockdowns as a result of the pandemic have also prevented us from conducting our routine inspections of overseas supply facilities. To mitigate risk, we have engaged third party inspectors to conduct inspections of supplier facilities and complete risk assessments of the conditions for workers to ensure there is no evidence of modern slavery.

## Our commitment

McNab is committed to understanding the effectiveness and impact of the initiatives we have implemented to ensure we continue to review and evolve these and in addition, can develop further strategies to address modern slavery risks.

Our commitment and ongoing improvement over the past 12 months has included:

- Assessing the effectiveness of the education and awareness that we are providing to subcontractors and suppliers. This is being assessed via the survey data we collect in the tender process and is allowing us to look at further ways to embed and introduce modern slavery to our subcontractors and suppliers.
- Tracking the completion rate of our employee eLearning module via APEX, our online Learning Management System (LMS). This ensures that our broader workforce is aware of modern slavery risks within the construction industry and can be the eyes and ears of McNab at all stages of a project.
- Keeping minutes of workgroup meetings and distributing these to senior management to ensure that the leadership team as well as the workgroup are held accountable to the commitments we have made.

The McNab Management Group will review this modern slavery statement and our overall strategy annually, and conduct a biannual review of all data and activity, implementing further actions as and when required.

Our commitment to educating, building awareness and mitigating risks is a step in the right direction towards eradicating modern slavery and one that we will continue to review and develop. We all have a moral and ethical obligation to modern slavery and this statement represents the commitment that both I personally, and we as the entire McNab team, have to ensuring we play our part in this.

This statement was approved by Michael McNab as the Sole Director of the McNab group of entities.



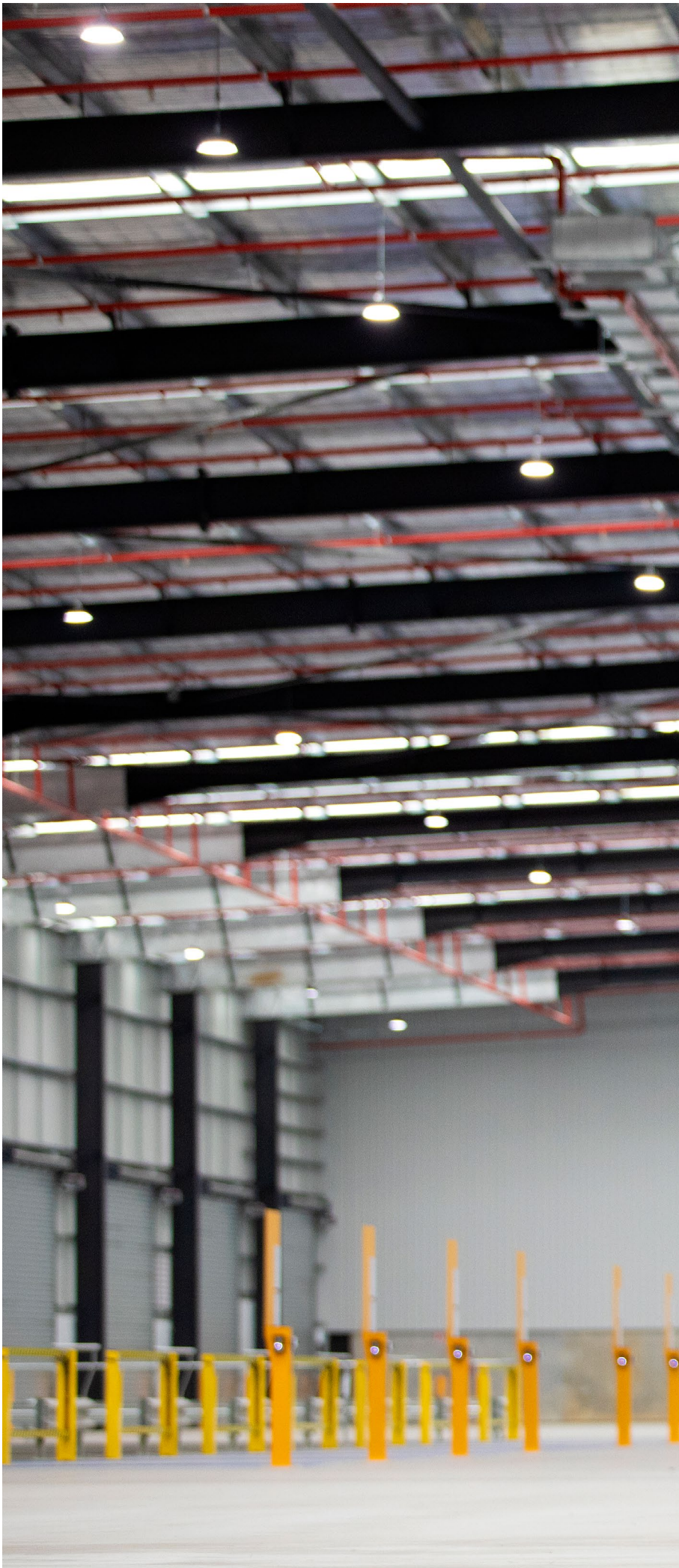
**Michael McNab**  
**Managing Director**

22 December 2021

## Our continued focus

During FY22 we will progress work on the key initiatives we have implemented over the past 12 months, with a focus on the following:

- Ensuring we continue to educate and upskills all staff through having them complete the Modern Slavery eLearning
- Developing a standardised risk assessment checklist to be used for our supplier facilities inspections for all overseas procurement.
- Continued engagement of key workgroup members and stakeholders to champion new initiatives and strategies to combat modern slavery
- Embedding our new and existing processes into the business and identifying future opportunities to further demonstrate our commitment to addressing modern slavery risks.



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The not-so-ordinary construction company.