



**QUANTA SERVICES
AUSTRALIA**



MODERN SLAVERY STATEMENT 2022

QUANTA SERVICES AUSTRALIA

MEARS GROUP PTY LTD (ABN 92 149 486 500)
AND OPERATING COMPANIES WITHIN THE
QUANTA SERVICES AUSTRALIA GROUP



CONTENTS

INTRODUCTION	4
STRUCTURE AND OPERATIONS	5
SUPPLY CHAINS	8
RISKS OF MODERN SLAVERY IN OPERATIONS AND SUPPLY CHAINS	11
Case Study - Procurement of Labour in PNG	12
ACTIONS TAKEN TO ASSESS AND ADDRESS RISKS	14
ASSESSMENT OF THE EFFECTIVENESS OF THE GROUP'S ACTIONS	16
FUTURE COMMITMENTS	18

1. INTRODUCTION

This Modern Slavery Statement (**'Statement'**) is for Mears Group Pty Ltd (ACN 149486500) and its wholly owned and controlled entities which together form the Quanta Services Australia Group. In this Statement, the Quanta Services Australia Group is referred to as **'QSA'** or **'the Group'**.

QSA is subject to the *Modern Slavery Act 2018* (Cth) (**'the Act'**). This is QSA's second annual Statement under the Act, which requires it to outline its structure, operations and supply chains and what is being done to identify, assess and address modern slavery risks within them. This Statement covers the reporting year 1 January to 31 December 2021.

Modern slavery involves serious abuses of human rights and serious crimes. It includes human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour. It represents one of the world's most complex human rights issues that we face, and the construction industry is a high-risk sector due to large, diverse and complex supply chains. QSA is committed to protecting human rights within areas it has control and adhering to the Act's principles and requirements.

“ This is QSA's second annual statement under the Act and we wholly support the Government's process to identify and address modern slavery risks to maintain responsible and transparent supply chains. In our second year of reporting we endeavour to continuously improve our knowledge and strengthen our processes.

—— Mark Bumpstead, President QSA



2. STRUCTURE AND OPERATIONS

QSA performs mining, gas, energy and water infrastructure design, construction and commissioning throughout Australia with its operating entities Coe Drilling, Consolidated Power Projects, Enscope, Nacap, Quanta Power, Quanta Lines and Valard Australia. QSA also has an associate company, Mitchell Water. In YE 2021, QSA employed over 600 people across Australia and had a smaller workforce in Papua New Guinea (**'PNG'**) via its operations with Nacap.

During 2021 we also streamlined the business into three active operating units - Enscope, Nacap, Consolidated Power Projects, and our associate company, Mitchell Water.

QSA is part of a larger global family of entities which are ultimately owned by Quanta Services Inc. (**'Quanta Services'**), a publicly listed company (NYSE: PWR) incorporated in Delaware, United States of America. Quanta Services employs 40,000 employees globally and has one of the largest skilled labour workforces in North America. Quanta Services provides fully integrated infrastructure solutions in the utility, energy and communications industries. In YE 2021, the Quanta Services Group had revenues of over \$US11B.

In 2021, the Group's project services were predominately in Australia with pipeline projects being undertaken by Nacap in Papua New Guinea.

QSA'S OPERATING ENTITIES SERVICE THE FOLLOWING SECTORS:

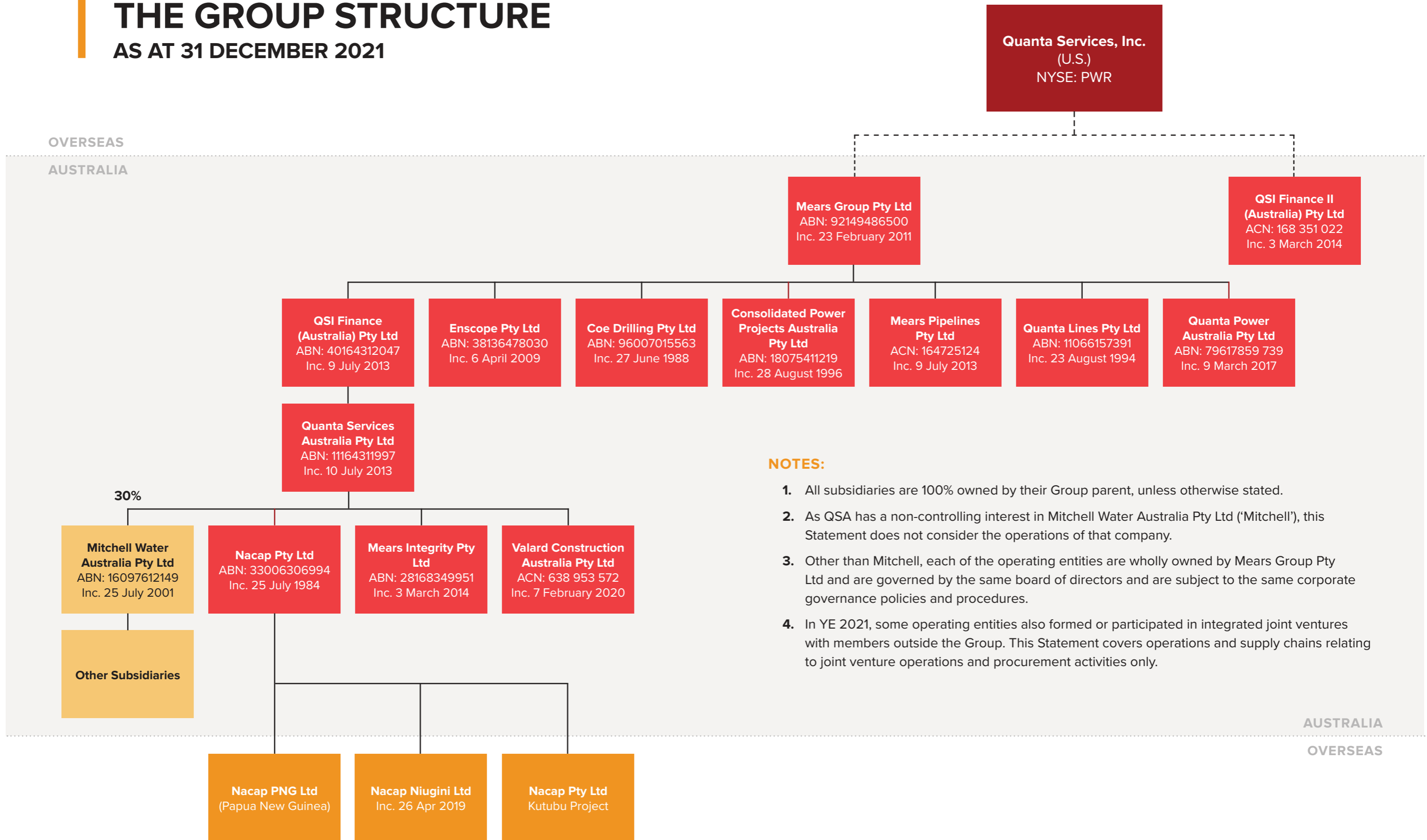
- electric power (renewable energy generation, electrical transmission and distribution lines);
- oil, gas & petrochemical (transmission pipelines and their related facilities such as metering stations, compressor stations, pump stations and processing facilities);
- mining (slurry and concentrate transmission pipelines and their related facilities such as metering stations, pump stations and processing facilities);
- water (transmission pipelines and distribution networks and their related facilities such as pump stations, metering stations, filtration, and treatment plants); and
- civil infrastructure for US Defence force airfield bases in Australia.

PROJECT SERVICES PROVIDED BY QSA'S OPERATING ENTITIES INCLUDE:

- project development, project management, design, engineering, procurement, construction, horizontal directional drilling, and commissioning of new infrastructure including civil, mechanical, structural, electrical and process engineering; and
- maintenance, refurbishment, asset management and asset condition assessment of existing infrastructure.

THE GROUP STRUCTURE

AS AT 31 DECEMBER 2021



NOTES:

1. All subsidiaries are 100% owned by their Group parent, unless otherwise stated.
2. As QSA has a non-controlling interest in Mitchell Water Australia Pty Ltd ('Mitchell'), this Statement does not consider the operations of that company.
3. Other than Mitchell, each of the operating entities are wholly owned by Mears Group Pty Ltd and are governed by the same board of directors and are subject to the same corporate governance policies and procedures.
4. In YE 2021, some operating entities also formed or participated in integrated joint ventures with members outside the Group. This Statement covers operations and supply chains relating to joint venture operations and procurement activities only.

3. SUPPLY CHAINS

Supporting the Group's operations are the following key supply chains:

- (a) Subcontracted on-site and off-site services, including trades, skilled, semi-skilled and unskilled labour;
- (b) Purchase of major process equipment designed and built to specified project requirements;
- (c) Purchase of steel pipe, extruded and machined steel fittings and process control equipment for incorporation into gas and water extraction, transportation and processing infrastructure;
- (d) Plant and equipment hire and maintenance;
- (e) Transport, travel and accommodation, including portable camps;
- (f) Export logistics to support PNG-based operations; and
- (g) Purchase and hire of vehicles, construction equipment and tools, construction materials and consumables, clothing, footwear, branded products, IT and electronic equipment, offices and furniture.

LABOUR

Most of the Group's employees are employed under Fair Work Australia-approved enterprise bargaining agreements or individual workplace agreements (permanent, fixed term, part-time or casual contracts) that meet or exceed the minimum requirements of an applicable award.

Labour is also provided to projects by subcontractors as part of the services performed. The Group uses standard conditions of subcontract to hold subcontractors accountable for meeting legislative requirements, including the *Fair Work Act 2009* (Cth). The Group's operating entities also use third-party labour providers to provide temporary labour to assist with project delivery.

MATERIALS / EQUIPMENT

In 2021, the vast majority (approximately 97%) of QSA's annual procurement spend was with suppliers and subcontractors located in Australia. While this was the case, much of the procurement spend was on products and materials sourced overseas. For example, unique to the Group's supply chain is the procurement of major equipment including high voltage equipment such as synchronous condensers, voltage transformers, current transformers, power transformers, capacitors, reactors, circuit-breakers, disconnectors, cabling and other high voltage materials.

This equipment is generally procured from Australian based companies, but many of those companies source the assembled equipment from Europe (in particular, Austria, Germany, Sweden, France and Italy), China, India, Canada, USA and South Korea, with a complex associated supply chain for the componentry and associated raw materials.





4.

RISKS OF MODERN SLAVERY IN OPERATIONS AND SUPPLY CHAINS

The Group recognises that risk of modern slavery is greater where QSA's operating entities do not have direct knowledge of the terms and conditions between its suppliers and their employees and sub-suppliers, and particularly in geographies and industries with a higher prevalence of modern slavery.

In the 2021 reporting year, the Group identified the following areas of its business that may have modern slavery risks in its supply chain:

- (a) Engagement of local labour for PNG operations, given PNG has an estimated 10.3 victims of modern slavery per 1000 population (compared to Australia's estimated 0.6 victims of modern slavery per 1000 population).¹
- (b) Cleaning of its leased offices, as cleaning services have been identified as a key risk area for modern slavery in Australia.²
- (c) Procurement of the following products, based on the US Department of Labor's 2021 List of Goods Produced by Child Labour or Forced Labour:
 - i. Steel-containing product:
 - may be procured as formed product (e.g. pipe, structural steel, reinforcing steel) or be incorporated in plant, tools and equipment; and
 - steel could have been produced using raw materials (e.g. iron or coal) extracted or refined under modern slavery conditions.
 - ii. Copper-containing product:
 - may be procured as cabling or wire, or incorporated into manufactured goods including electronics, IT equipment, construction equipment, or tools; and
 - copper could have been extracted or refined under modern slavery conditions.
 - iii. IT equipment, which is procured from local wholesalers / retailers which have been assessed by the Group as having low modern slavery risk but may have been assembled overseas in conditions where modern slavery may be prevalent. Laptops, computers and mobile phones were also ranked as the top modern slavery at-risk product category in 2018 for imports into the G20.³
 - iv. Clothing, footwear and branded products that may have been manufactured, or may include raw materials that have been produced, under modern slavery conditions (e.g. cotton, fabrics, yarn or rubber). Garments were also the second-ranked modern slavery at-risk product category in 2018 for imports into the G20.⁴
 - v. Structural timber, which could have originated from a country with modern slavery risk for timber production.

¹ Walk Free Foundation Global Slavery Index, 2018, pages 87-88. Minderoo Foundation.

² Australian Human Rights Commission; <https://humanrights.gov.au/our-work/business-and-human-rights/projects/tackling-modern-slavery-and-labour-exploitation>

³ Walk Free Foundation Global Slavery Index, 2018, page iv. Minderoo Foundation.

⁴ Ibid.

CASE STUDY

PROCUREMENT OF LABOUR IN PNG

IN 2021, QSA REVIEWED THE PROCESS BY WHICH ITS OPERATING COMPANY, NACAP, ENGAGES LOCAL LABOUR TO SUPPORT ITS PNG OPERATIONS. OUR PROCESS REMAINS ROBUST AS OUR FOOTPRINT IN THE COUNTRY HAS EXPANDED TO OPERATE IN DIFFERENT GEOGRAPHIC REGIONS.

Local labour is procured by Nacap in two ways:

- (a)** First, through referrals by Nacap's client (a leading consulting and engineering company), where the client negotiates directly with local communities to identify potential work candidates from within each community. Nacap and its client jointly agree which of the identified workers will be seconded to Nacap and, from that point, the workers are directly engaged under Nacap's supervision.
- (b)** Secondly, labour is sourced through an Australian-based labour-hire company that specialises in recruitment and staffing solutions for PNG projects. Nacap has a long-standing relationship with this company and they have operated in PNG for over 30 years, and service many of the resource majors operating in the country.

Our review found that the employment of local workers is a key component of getting support for large oil and gas projects from their communities. The relationship is largely one of mutual benefit which mitigates the potential for local unrest and human rights abuses.

It was also found that the ultimate client, which is one of the world's largest oil and gas majors, clearly

communicates its expectations on human rights to its suppliers on an annual basis. These expectations include references to key international human rights frameworks, including the United Nations Guiding Principles on Business and Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. The ultimate client has also submitted modern slavery and human trafficking statements under the UK Modern Slavery Act 2015.

Nacap's agreement with the Australian-based labour hire company was entered into prior to passage of the Act and will be reviewed as part of the future actions described below. However, the agreement contains provisions that, in our view, serve to mitigate the risk of modern slavery, such as:

- Stating the amounts which are to be paid to employees based on job classification (without reduction or offset by the provider);
- The provider is entitled to be reimbursed for costs associated with worker engagement and mobilisation (e.g. travel, medical); and
- Prohibition of solicitation of payments from prospective employees to guarantee employment.



Nacap also has direct contact with the workers which affords them opportunity to raise concerns of human rights or other violations.

Based on our review and for the reasons described above, the Group considers there to be low risk of modern slavery within its arrangements for sourcing and engaging PNG labour.

Nacap also sources labour from countries other than Australia and PNG to support its PNG

operations. This labour consists of mainly skilled, semi-professional and professional workers, and is mostly sourced from Indonesia and Philippines, either directly by Nacap on a referral basis, or seconded via the same Australian-based labour-hire company used to procure local labour. The Group will report further on these arrangements in a future modern slavery statement.

5.

ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISKS

During 2021, QSA embarked on a program to review and update the Group's practices and procedures to ensure they reflect the risks posed by modern slavery within the Group's supply chains and in the construction industry more generally.

✓ MODERN SLAVERY WORKING COMMITTEE

The Modern Slavery Working Committee is the representing body across our business to build upon the processes set up in 2021. The Committee meets quarterly and reports to the Chief Operating Officer, QSA.

For YE 2021, the Committee's Charter included:

- Benchmarking the Group against industry;
- Reviewing the effectiveness of the Group's actions;
- Agreement on platforms where the Modern Slavery commitments needed to be added;
- Developing roadmaps for continuous improvement; and
- Cross company sharing to collaborate and provide inter-company information on modern slavery actions.

✓ POLICIES AND PROCEDURES

QSA reviewed policies and procedures of each Group company and those of Quanta Services to consider introduction of local (Australian) policies and / or procedures for the Group to address modern slavery and human rights abuses.

Policies updated included:

- Subcontractor prequalification processes to include questions about modern slavery, so that such risks may be evaluated prior to the RFQ phase of procurement, which may prompt subcontractors to be more proactive to modern slavery risks.
- RFQ process updated by operating units who required it to include further questions on modern slavery risks.

✓ TRAINING

QSA provided annual training and presentations, which were recorded and are made available to new employees through the induction process.

✓ QUANTA INC.

Our parent company, Quanta Inc, updated our Code of Conduct policy and Human Rights Policy. It refers to our commitment to respecting and promoting human rights for all its employees, affiliates and partners, in accordance with the United Nations Guiding Principles on Business and Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and by the laws of the United States relating to human rights. As a Quanta subsidiary these policies applies to all Australian directors, officers and employees of the Group, including its subsidiaries and affiliates.

✓ PAPUA NEW GUINEA

The Group won further projects in PNG expanding our operations. QSA ensured the expanded operations included additional scrutinising of our PNG footprint.





6.

ASSESSMENT OF THE EFFECTIVENESS OF THE GROUP'S ACTIONS

Delivering our second Modern Slavery Statement, the Group identified the differences in businesses operating platforms which creates a different approach to supply chain management, resourcing and recruitment of sub-contracts. As we navigated and challenged each other throughout the year, we agreed that the treatment of Modern Slavery should be standardised across the Group. We trained over 500 employees in Modern Slavery, some of which heard the terminology for the first time. This has increased awareness of the issue and we are starting to see pro-active identification of potential risks by our employees.

We have made a conscious effort in 2021 and plan to expand the supply chain mapping further in 2022, whilst also revisiting our current suppliers as circumstances with global supply chains have changed throughout the year.

7. FUTURE COMMITMENTS

Continued issues with Covid has affected supply chains over the last two years. However with the conflict in Europe, we have seen a compounded effect on previously steady supply chains struggling with sourcing raw materials and changing their suppliers to meet demand. It is important to be vigilant on our current suppliers whilst bringing in new suppliers around Modern Slavery Risk. Our future commitments are representative and proactive actions to the changing global supply chain dynamics.

✓ MODERN SLAVERY WORKING COMMITTEE

The Modern Slavery Working Committee will continue to be the representing body across our business and collaborate and share inter-company information. The Committee meets quarterly and reports to the Chief Operating Officer, QSA.

For YE 2022, the Committee's Charter includes:

- Benchmarking the Group against industry;
- Identifying supply chains by industry or geography that require deeper risk assessment;
- Reviewing the effectiveness of the Group's actions; and
- Developing roadmaps for continuous improvement.

✓ CURRENT SUPPLIERS REVIEW AND NEW SUPPLIERS

To address the threat of a changing global supply chain we will:

- Set review dates for ongoing suppliers to re-issue 'new major supplier questionnaires' where questions of Modern Slavery are asked;
- Framework agreements have standard wording;
- Implement further questions to target specific industries that we identify as heightened risk; and
- Implement a notification system for the Group to be informed when suppliers do not pass through the procurement system.

✓ SUPPLIER RATING SYSTEM

With the identification of supply chains by industry of geography, we will map them across the Group to address common suppliers and spend. We will rate these suppliers so that our Procurement teams have an insight prior to engaging with the sector.

✓ TRAINING

We will develop training packages specific for our Procurement, HR and Legal teams who are our front-facing groups that come into contact with Modern Slavery through suppliers, sub-contracts and recruitment processes.

This Statement has been prepared in consultation with each operating entity and has been approved by the Board of Directors for Mears Group Pty Ltd as principal governing body of the Quanta Services Australia group of companies.



MARK BUMPSTEAD
DIRECTOR & PRESIDENT
QUANTA SERVICES AUSTRALIA

Signed on behalf of the Directors of Quanta Services Australia



**#WEARE
QUANTA**

WWW.QUANTASERVICES.COM/AUSTRALIA

Level 1, 599 Doncaster Road
Doncaster VIC 3108
Australia

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

Principal Governing Body Approval

This modern slavery statement was approved by the *principal governing body* of

as defined by the *Modern Slavery Act 2018* (Cth)¹ (“the Act”) on

Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of

as defined by the Act²:

Mandatory criteria

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

Mandatory criteria	Page number/s
a) Identify the reporting entity.	
b) Describe the reporting entity’s structure, operations and supply chains.	
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	
e) Describe how the reporting entity assesses the effectiveness of these actions.	
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).*	
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.**	

* If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement ‘Do not own or control any other entities’ instead of a page number.

** You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

- Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.
- Section 4 of the Act defines a responsible member as: (a) an individual member of the entity’s principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the *Corporations Act 2001*—the administrator; or (e) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed member of the entity.