

babcockTM



Modern Slavery Statement

Australia FY2022/2023

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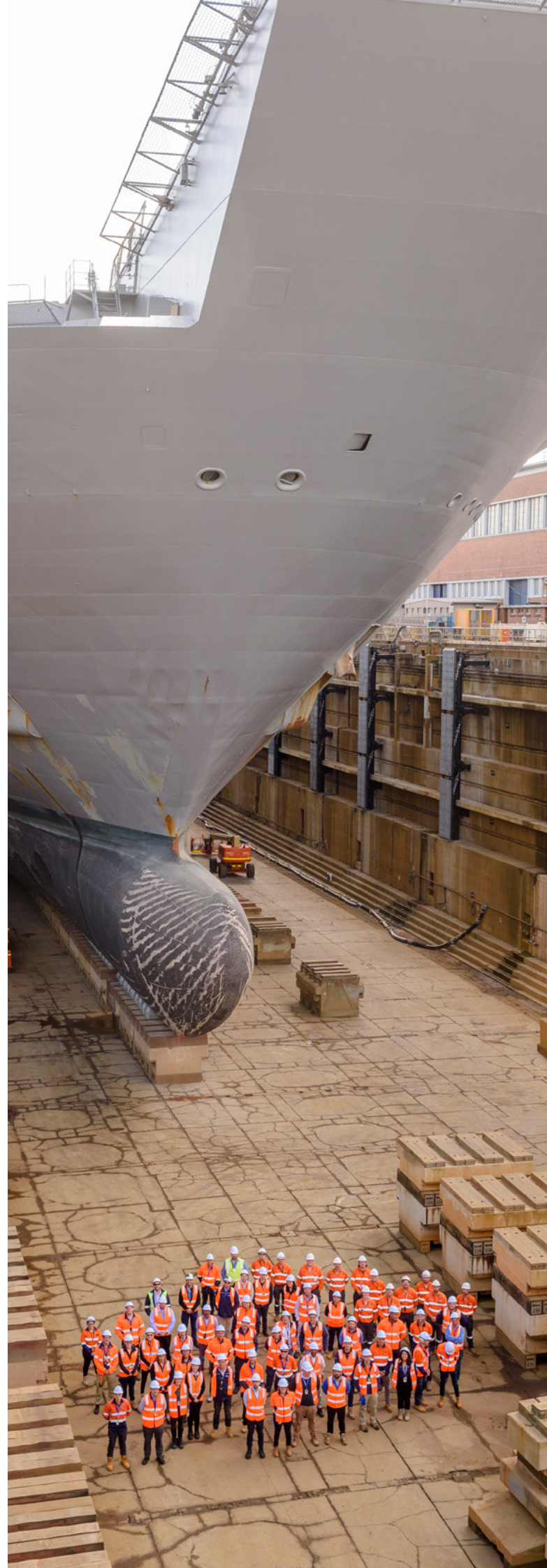
1 Introduction

This statement relates to Babcock Australia Holdings Pty Ltd (Babcock), covering all fully owned operating companies and business units within Australia for the Babcock financial year ending 31 March 2023. It excludes New Zealand entities and joint ventures.

At Babcock, we are committed to conducting our dealings, whether with customers, suppliers, employees or the communities in which we operate, with the utmost integrity and we are steadfast in our support for the elimination of Modern Slavery in all forms. All our businesses, wherever they have dealings in the world, are required to respect people and to value their diversity. Babcock's aim is to create an inclusive organisation where everyone's skills and contributions are welcomed and valued. This approach is enshrined in our [Babcock Code of Conduct](#), detailed in our Guiding Principles, embedded in our attitude towards health and safety and governed by our Environment, Social and Governance (ESG) program.

This document explains the steps Babcock is undertaking to prevent, detect and respond to Modern Slavery within our business and supply chains. It has been approved by the Australasian Executive Committee and is developed in accordance with the Modern Slavery Act 2018 (Cth).

Babcock International Group, which Babcock Australia is a subsidiary of, also complies with section 54(1) of the UK Modern Slavery Act 2015. The statement can be found [here](#).



2 Business overview

Babcock International Group

Babcock International Group is an international defence, aerospace and security company operating in our focus countries of the UK, Australasia, Canada, France and South Africa, with exports to additional markets with potential to become focus countries.

Our purpose is to create a safe and secure world, together, defines our strategy. Babcock support and enhance our customers' defence capabilities and critical assets through a range of product and service solutions. We meet our customers' requirements of value for money, increased availability, modernisation and flexibility.



Babcock Australia

Babcock Australia employs over 1,100 talented people in Defence, Aviation and Critical Services. We are trusted to deliver technical support services for customers, ranging from fleet and asset management, sustainment, and technical training, to life saving helicopter emergency medical services.

A subsidiary of Babcock International Group, we are proud to help keep our nation secure, our communities safe and the nation moving, using Babcock's specialist skills and knowledge to facilitate our client's operational requirements. A global solution being delivered locally.



Marine

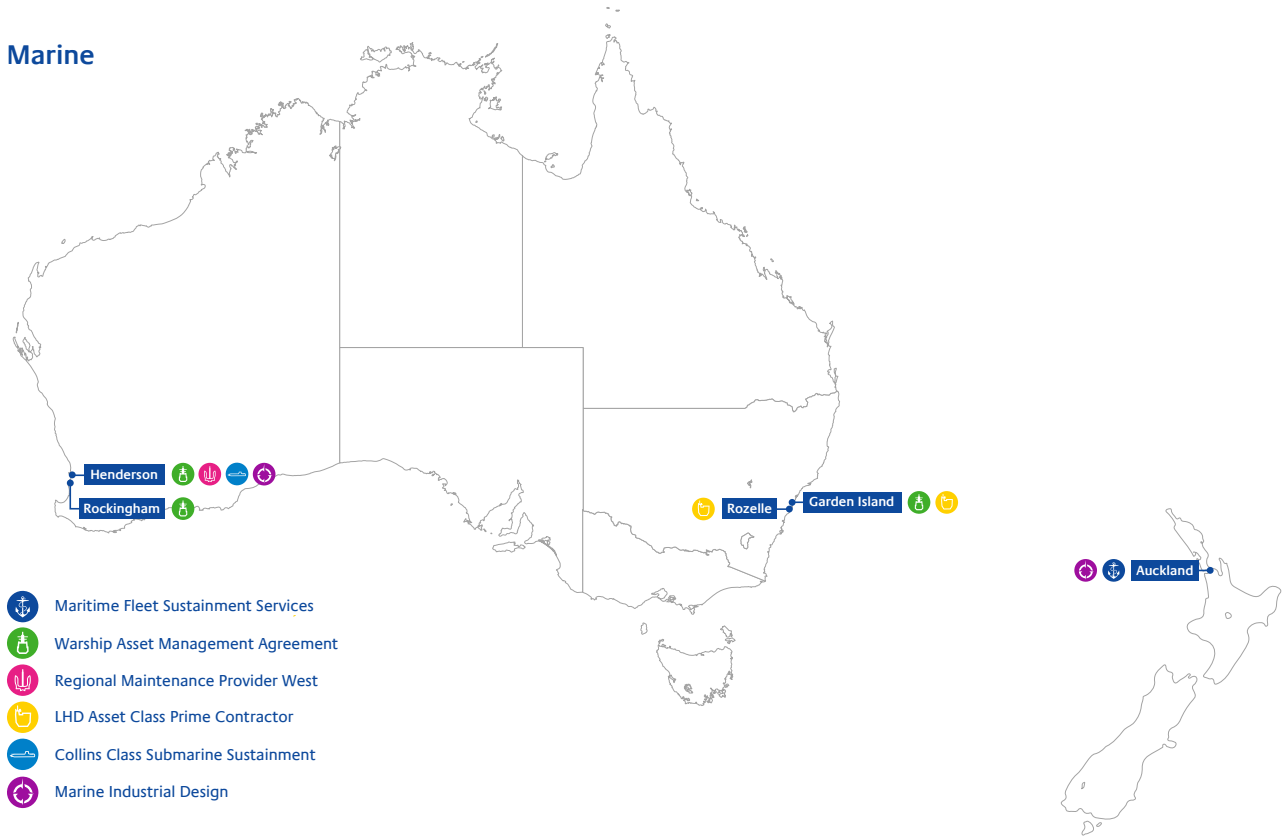


Figure 1 - Marine operations map

Land



Figure 2 - Land operations map

Aviation

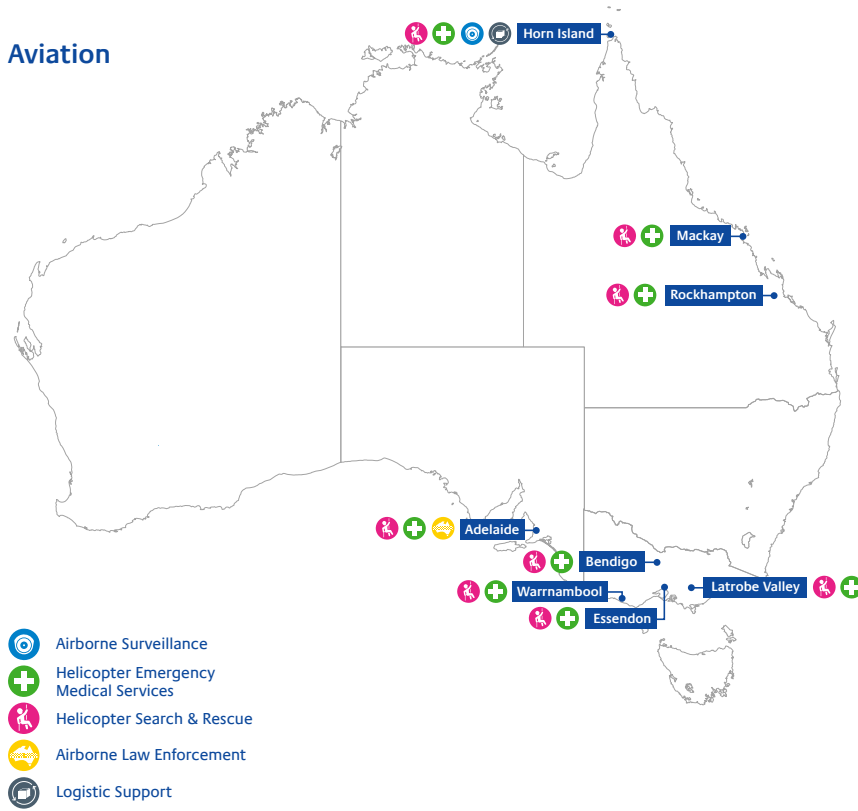


Figure 3 - Aviation operations map as at August 2022, following the sale of Babcock Offshore Services Australasia

3 Organisational

All Australasian sectors are part of Babcock Australia Holdings Pty Ltd. Our Corporate sector and Defence businesses belong to the Babcock Pty Ltd entity, Babcock Mission Critical Services Australasia Pty Ltd ('Aviation Onshore') is Babcock's Aviation entity. A full acquisition of Naval Ship Management by Babcock was made in 2022, acquiring the remaining 50% shareholding.

Supply chain teams operate under a hub and spoke model, where each sector has a Procurement and Supply Chain (P&SC) team led by P&SC Managers, who report direct to the sector's organisation structure.

Their primary focus is to ensure the function meets contractual requirements and complies with corporate governance. There is also a Corporate Procurement function that supports the business in relation to procurement and supply chain governance and implementation of functional standards. All roles have a link into the wider Procurement and Supply Chain leadership within the UK, providing Governance and Strategic direction for the global Babcock businesses. Key areas outlined by the global Babcock group focus on:

Our People

- › Inclusion and diversity
- › Dignity and respect
- › Human Rights
- › Modern Slavery

Our Business

- › Anti-bribery and corruption
- › Gifts and hospitality
- › Conflicts of interest
- › Anti-trust and competition

Our World

- › Health and safety
- › Environment
- › Community engagement



Our Assets

- › Intellectual property
- › Confidential information
- › Cyber security

Babcock's Modern Slavery risk management framework is owned by the Executive Committee and implemented by the Corporate Procurement function Australasia, with the support of all sector P&SC teams. Directors from each entity that Babcock Australia holds or controls are involved in, and provide input to the development of this statement as part of the regular Executive Team meetings. These consultations involve discussions of the reporting requirements contained in the Modern Slavery Act 2018 (Cth) and gap analysis reviews focusing on areas of improvement across the supply chain. Recommendations are identified and will be implemented as Babcock strives for continuous improvement.

4 Governance framework

As an international business, Babcock recognises responsibility for upholding and protecting the human rights of employees and other people we deal with throughout the supply chain. We have embedded a culture of respect for human rights throughout our business which is demonstrated by our commitment to ethical conduct in everything we do.

The Babcock [Code of Business Conduct](#) substantiates our commitment and compliance with this policy and is mandatory for all employees, business advisers and business partners. We expect the same commitment from our suppliers and for them to flow down that commitment through their supply chain, Babcock's tier 2 and 3 suppliers. In addition to communicating Babcock's principles, it mandates full compliance with all laws and regulations. It also addresses the proper handling of intellectual property, commercially sensitive data, health, safety and environmental concerns as well as human rights.

The Code reflects the standards we hold ourselves to and enables a consistent approach to our customers in delivering to the highest ethical standards. Babcock's emphasis on ESG commitment and net zero objectives are also a key driver in how we appropriately manage our suppliers. Compliance with the Code is also a requirement for all suppliers and is included in our supplier due diligence procedure, refer to section 7 (Risk Management) for details.

In 2023, Babcock has implemented Modern Slavery due diligence questions into the standard supplier onboarding documentation. A continuous improvement initiative that helps to verify whether the supplier is complying with the Modern Slavery Act 2018 (Cth) and actions implemented.



5 Our supply chain

Babcock's external expenditure via Original Equipment Manufacturers (OEMs) and Service Providers, accounts for approximately 50% of turnover. Babcock's approach and ability to manage these third party relationships affects our ability to deliver performance and margin. The P&SC function develops and delivers optimal supply chain solutions, enabling return value to customers, shareholders and communities. Babcock procures a wide range of goods and services, reliable and high performing suppliers are essential throughout the supply chain. Babcock has over 10,000 suppliers globally and developed approximately 300 strategic relationships. These suppliers range from OEMs to Small to Medium-sized Enterprises (SMEs) to Subcontractors.

Babcock builds appropriate engagement models with partners and preferred suppliers to drive quality and innovation throughout the supplier base.

Under Tier 1 mapping Babcock source from 2,300 active suppliers, most of which is procured from Australian business. Any imported goods or services are primarily

from Western Europe, Southern Europe and North America. The Australian business is predominantly focused on the management and sustainment of assets owned by our various customers, with some level of assembly work in our Marine sector. As a result, our registered suppliers are a mix of OEMs and services industry Subcontractors (electrical and mechanical repairs, warehousing etc.). One of Babcock Australia's most significant contracts, JP9101, was awarded in 2022. While product assembly and construction will be completed onshore for this program, materials will be sourced both internationally and domestically to meet supply chain requirements.

Babcock will continue to advance supply chain mapping by sending the Modern Slavery questionnaire on an annual basis. This survey provides Babcock visibility into Tier 2 and Tier 3 suppliers as the questionnaire asks the supplier to state their level of supply chain mapping and asks questions about the supplier's supply chain. We will be working to integrate recently acquired entities into Babcock's supply chain mapping process.



6 Assessing Modern Slavery risks

Modern slavery questionnaire

Our modern slavery risk assessment considers both internal and external environments. Questions have been modified in 2022 to achieve a more comprehensive evaluation of each supplier's actions and policies. A modern slavery questionnaire has been developed for use in both assessments and covers:

- 1. Background questions** – captures basic details about the supplier (name, address, reporting person)
- 2. Workforce questions** – provides an overview of employees' profile (e.g., number of female workers, number of migrant workers, the existence of trade unions, employee turnover, etc.).
- 3. Policy and practice questions** – provides an overview of policies and practices to identify and manage forced labour issues, including the existence of a worker grievance mechanism.
- 4. Third party labour practice questions** – addresses the requirement for cascading down the requirements for addressing modern slavery risks within the lower tiers of the company's supply chain.
- 5. Supply chain questions** – covers the identification and management of modern slavery risks within the company's supply chain. Addresses supply chain mapping to get visibility of Tier 2 suppliers.

The document also has a section listing the major Modern Slavery risk indicators, which is an extract from the Modern Slavery Act 2018 (Cth). It is included to help assessors in conducting the assessment. The risk indicators are grouped into five types of risks:

- 1. Sector and industry risks** - certain sectors and industries may have high Modern Slavery risks because of their characteristics, products and processes.
- 2. Product and services risks** - certain products and services may have high Modern Slavery risks because of the way they are produced, provided or used.
- 3. Geographic risks** - some countries may have higher risks of modern slavery, including poor governance, weak rule of law, conflict, migration flows and socio- economic factors like poverty.
- 4. Entity risks** - some entities may have Modern Slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.
- 5. Indicators of Modern Slavery** - a combination of these signs may indicate a person is in a situation of Modern Slavery and further investigation and assessment is required. Some groups may be at higher risk of being impacted by Modern Slavery, such as women and migrant workers.

Internal assessment – Babcock operations

An internal assessment has been conducted by Babcock's Human Resources (HR) department based on the previous 12 months' data. The assessment addresses any issues or concerns raised, none of which have been identified. Internally, all employees have access to our Grievance Procedure and externally there is a whistleblowing mechanism available to all parties. These are described in Section 7.

External assessment – Babcock supply chain

Our approach to managing Modern Slavery risks includes screening the supply chain for high-risk countries of origin, the category of products or services provided by suppliers, and the nature of the supplier's labour force. Identified suppliers are asked to submit responses against the questionnaire. Based on the responses, the P&SC department makes a risk assessment and determines whether further actions are required. Babcock will then develop a more in-depth action plan based on the responses accumulated. This action plan will enable Babcock to continue to educate and work with our most at risk suppliers to help achieve Modern Slavery initiatives. Our annual survey reported no issues or incidents attributed to Modern Slavery.

On new Requests For Tender (RFT), the questionnaire is included in the RFT pack issued to suppliers if either the country of origin, the product/service or the nature of the supplier's labour force has potential Modern Slavery risks. This is additional to the requirement we have in our due diligence process for suppliers to confirm that they have a Modern Slavery policy in place (refer to supplier due diligence discussion in Section 7).

7 Managing Modern Slavery risks

Supplier due diligence procedure

Our Modern Slavery risk assessment is conducted via our due diligence pack for new and existing suppliers. This pack assists with supply chain awareness and facilitates measurement of supplier mitigation activities relating to Modern Slavery.

We use appropriate processes to qualify, on-board and periodically revalidate suppliers to ensure compliance with commercial, regulatory and legal requirements. We explain the qualification process to our suppliers in our P&SC functional principles and sector-specific policies. The level of detail gathered from the supplier is appropriate to the risk assessment of supply.

Supplier due diligence starts when a Request For Information (RFI) is issued to the supplier and finalized no later than when orders are released. Babcock mandates all suppliers to respond to a due diligence questionnaire covering the following areas:

- › Anti-bribery and corruption
- › Health and safety
- › Cyber security
- › Business stability
- › Compliance with regulations and legislation

Modern Slavery is captured under the last item. The Modern Slavery questionnaire described in Section 6 is included in the due diligence pack issued to suppliers if risks relating to Modern Slavery are perceived as high.

Babcock will continue to develop an action plan for supporting contractors and suppliers based on information gained from questionnaires and due diligence checks.

Babcock will be establishing a Modern Slavery Committee to enable clear communication, focus and progress between the different reporting entities. Concerns will be raised and resolved within this committee to ensure alignment through Babcock. This will further underpin Babcock's support for the elimination of Modern Slavery in all forms.

Grievance mechanism

A Grievance Procedure is available for employees in Babcock's intranet. The procedure provides guidance on what can be classified as a workplace grievance, how grievances can be raised, decisions appealed, and how the company may address these concerns and resolve conflict. The procedure adopts an escalation model that starts from the employee raising an issue directly with the involved people, through to consulting with managers or the HR department and up to the extent of resorting to external sources that are provided within the document. Counselling and support is available for employees who need it.



Whistleblowing

Babcock provides a whistleblowing facility for our employees and suppliers to raise any concerns or issues regarding the Babcock Code of Business Conduct, including whether:

- › Bribery or corruption has taken place or is likely to take place;
- › There may be fraud or other irregularities going on in the way transactions, goods or services are being paid for, recorded or invoiced (or in the failure properly to record or invoice them);
- › The health or safety of any individual is being, or is likely to be, endangered by the way activities are being carried out;
- › Any other criminal offence – including Modern Slavery – has taken place, or is likely to take place;
- › There has been, or is likely to be, a failure to comply with legal obligations, including modern slavery;
- › There has been, or is likely to be, a miscarriage of justice; or
- › The environment has been or is likely to be damaged.

Babcock employees and suppliers are encouraged to bring such matters to the attention of line management. If an employee or a supplier feels this is an inappropriate route, they may use the confidential whistleblowing telephone service or report via the online portal listed below.

If an incident is raised this will be investigated by risk management, procurement and third party support may be also utilised.

Telephone:

1800 230731
(access code: 22226#)

Online:

via www.intouchfeedback.com/babcock
(access code: 22226#)

A copy of our Whistleblowing Policy can be found here:

babcockinternational.com/wp-content/uploads/2023/06/Whistleblowing-Policy-June-2023.pdf

Training and awareness

We continue to raise awareness of Modern Slavery throughout our business and especially within our procurement and supply chain function. Our procurement professionals understand what the key identifiers are and how to proactively address and manage risks.

Babcock has an online training module via our online training portal, Success Factors. This module uses the Modern Slavery Act 2018 (Cth) as the framework for its training and is rolled out as mandatory for all P&SC and people leaders as an annual course. This year, Babcock has continued to use its Modern Slavery awareness module for P&SC employees throughout the company who are involved in supplier engagement, supplier sourcing, supplier selection, supplier on-boarding/ due diligence or supplier performance management. Encouragement has also been given to P&SC members who are Chartered Institute of Procurement and Supply (CIPS) members to undertake the CIPS Ethics training.

Amongst other related issues, this module highlights high-risk sectors where additional care may be needed when on-boarding suppliers. It also brings to attention Babcock's mandated due diligence processes, the indicators of forced labour, as well as information about the whistleblowing helpline.

We have hosted an extended selection of modules and resources on a dedicated Modern Slavery intranet page, allowing anyone within the company to complete them. This page also contains a selection of links that explain current legislation, Babcock policy and internal escalation points. Babcock has a robust supplier due diligence procedure that ensures all new supplier relationships follow the work flow described in the procedure, and appropriate due diligence on the supplier is conducted before any orders can be placed.

Modern Slavery considerations are incorporated into the due diligence process to capture any risks and ensure all suppliers are in acceptance of the Supplier Code of Business Conduct.

8 Measuring effectiveness



Babcock has not identified any Modern Slavery issues internally or within its supply chain. We continue to monitor the status of our due diligence process, including reporting requirements as part of our RFIs and RFTs, and raising awareness. No grievances or whistleblowing issues relating to Modern Slavery have been raised, and those channels will continue to be available to all employees and suppliers.



9 Future commitments and declaration

Babcock recognises the need to continuously apply due diligence within its operations and supply chains. We will continue to raise awareness by ensuring processes are followed, and training is provided. The annual revision of our supplier due diligence questionnaire held this year and the success factors mandatory training are examples of our company's continuous improvement culture. Babcock continues to develop its action plan, fostering new strategies to support at risk suppliers. This is also a key focus of our global organisation, this improvement initiative has started and will continue throughout 2023.

This statement is made pursuant to the Modern Slavery Act 2018 (Cth) and constitutes the Modern Slavery Statement of Babcock Australia Holdings and its fully owned operating companies and business units within Australia for the year ended 31 March 2023. This statement has been approved by the Babcock Australasia Holdings Limited Executive Committee on 27th September 2023, in their capacity as the principal governing body. As authorised signatory of the committee Babcock's CEO Andrew Cridland has approved and signed this statement on 27th September 2023.



Andrew Cridland
Chief Executive Officer Australasia

SEPTEMBER 2023