



**QUANTA SERVICES
AUSTRALIA**



MODERN SLAVERY STATEMENT

QUANTA SERVICES AUSTRALIA

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



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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 first 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 2020.

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 first 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.

—— 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 2020, QSA employed over 600 people across Australia and had a smaller workforce in Papua New Guinea (**'PNG'**) via its operations with Nacap.

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 2020, the Quanta Services Group had revenues of over \$US11B.

In 2020, the Group's project services were provided exclusively in Australia except for a liquefied natural gas pipeline project being undertaken by Nacap in PNG.

QSA'S OPERATING ENTITIES SERVICE THE FOLLOWING SECTORS:

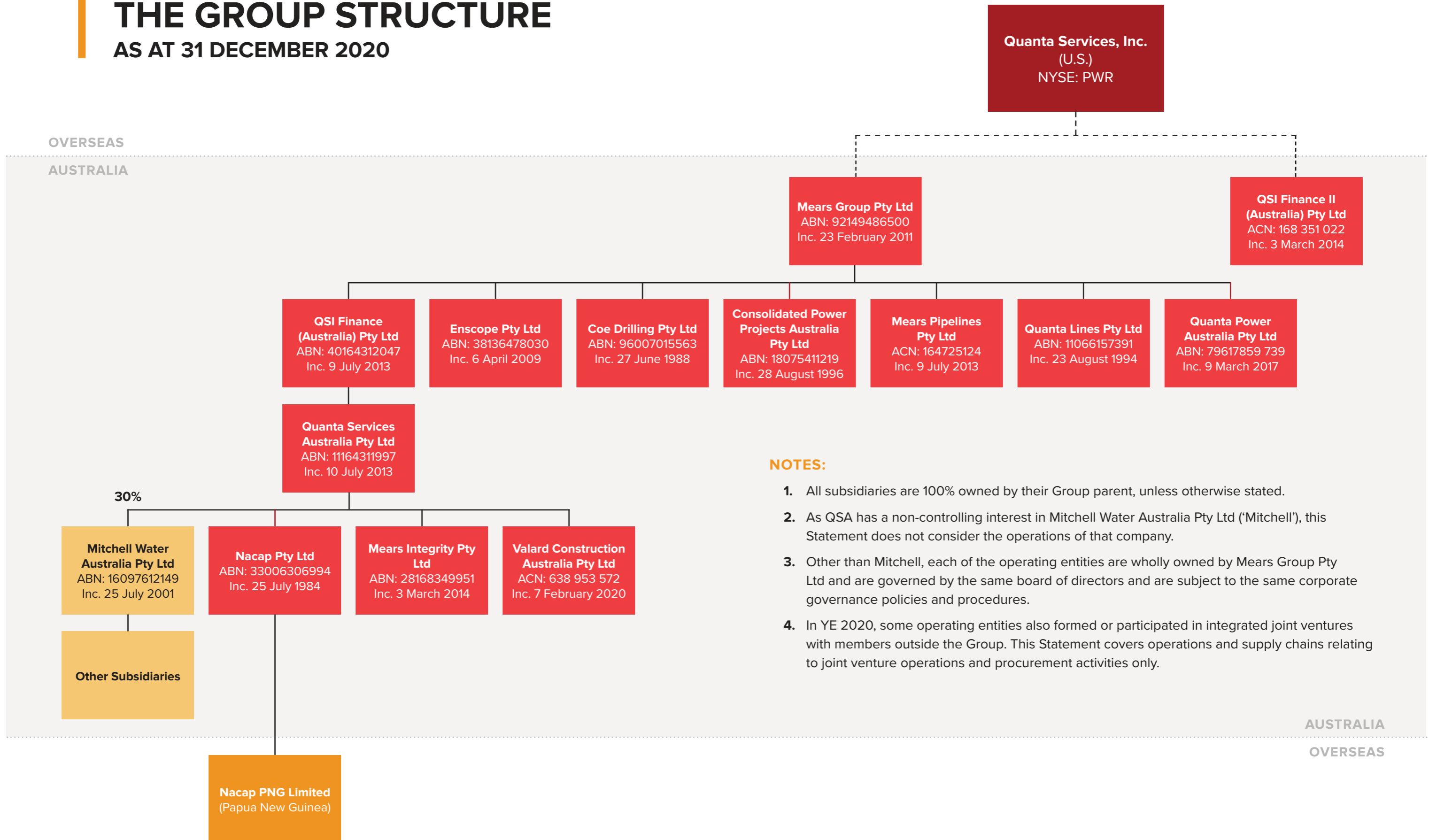
- electric power (renewable energy generation, electrical transmission and distribution lines);
- oil, gas & petrochemical (transmission pipelines and their related facilities such as metering stations, compressor stations, pump stations and processing facilities);
- mining (slurry and concentrate transmission 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 2020



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 2020, 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

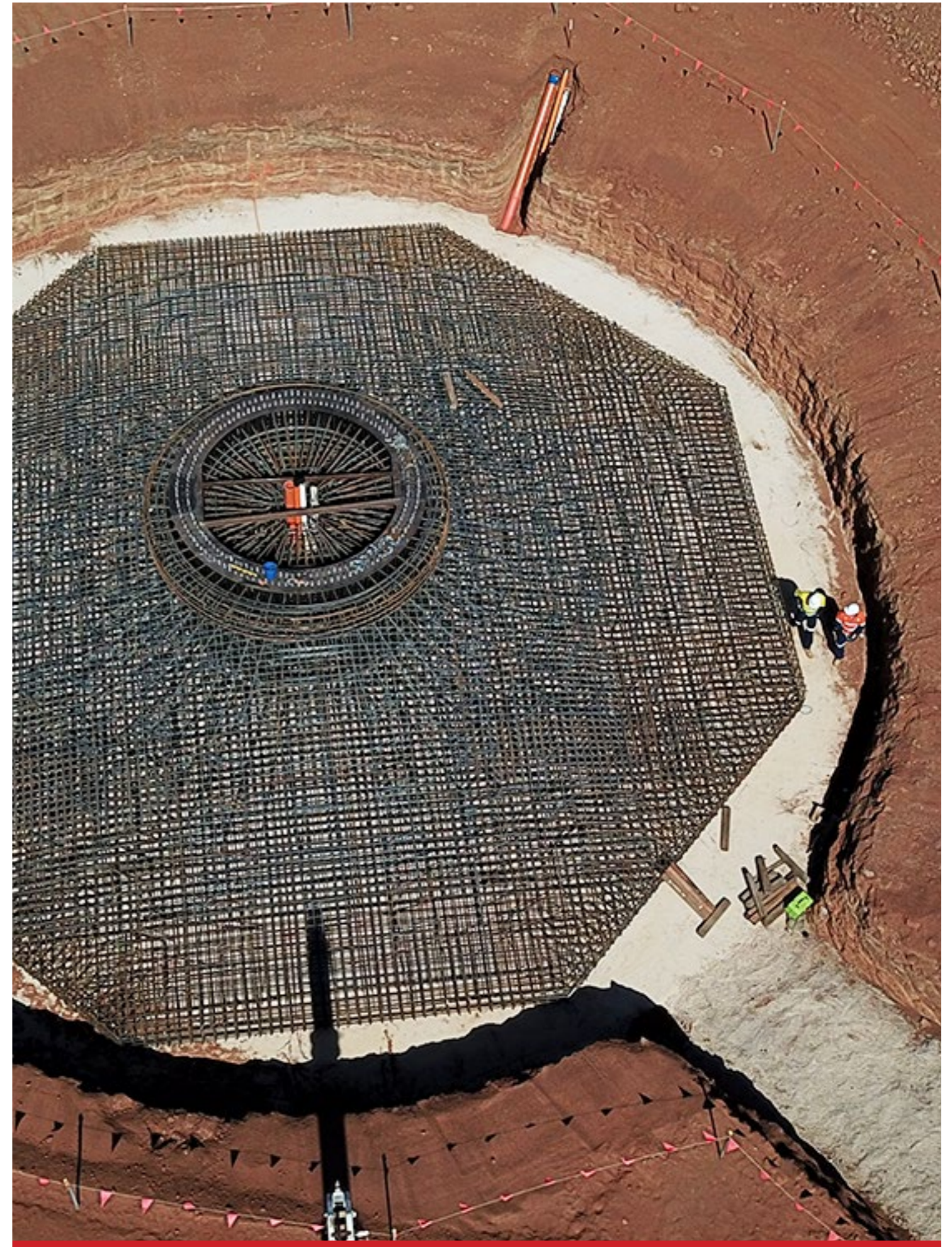
Most of the Group's employees are employed under Fair Work Australia-approved enterprise bargaining agreements or individual workplace agreements (permanent, fixed term, part-time or casual contracts) that meet or exceed the minimum requirements of an applicable award.

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 2020, 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 2020 reporting year, the Group identified the following areas of its business that may entail 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 2020 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, 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 2020, QSA REVIEWED THE PROCESS BY WHICH ITS OPERATING COMPANY, NACAP, ENGAGES LOCAL LABOUR TO SUPPORT ITS PNG OPERATIONS.

Local labour is procured by Nacap in two ways:

- (a) Firstly, 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);



- Prohibition of solicitation of payments from prospective employees to guarantee employment; and
- Provision of accommodation by Nacap’s client or the ultimate client, being the same or similar standard provided to Nacap for its project management staff.

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 2020, 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.



TRAINING PROGRAM

QSA's internal legal team commenced a staff training program that provided a general awareness of global modern slavery practices.

This included providing a link to an ABC Four Corners documentary on modern slavery in the United Kingdom 'The Hunt for Britain's Slave Gangs', which all employees were encouraged to watch.

Furthermore, a training session was made available to all staff on the requirements and intent of the Modern Slavery Act 2018, and the Group's approach to identify and mitigate modern slavery risk and comply with its statutory requirements.



PROCUREMENT PROCESS

QSA has incorporated modern slavery provisions into standard Group procurement processes and documentation. This includes updating and standardising the Group's Request for Quotation ('RFQ') template across all operating entities, which is used to procure subcontractors and equipment for all projects.

When responding to RFQs, prospective subcontractors and suppliers are required to answer questions regarding steps taken to prevent human rights abuses and initiatives or strategies they have adopted to identify, assess, address or remedy actual or potential modern slavery in their operations or supply chains.



SUBCONTRACT SUITE

QSA has added mandatory clauses to its standard form subcontract terms and conditions to ensure subcontractors and suppliers are contractually obligated to notify any instances of modern slavery detected within their operations and supply chains and take steps to attempt to remedy them.



MODERN SLAVERY WORKING COMMITTEE

Underpinning these actions was the establishment of a Modern Slavery Working Committee which is chaired by a senior lawyer within QSA and includes a committee member from each of the Group operating companies.

The Committee provides a forum for the operating entities to interface, consult, raise awareness, undertake the tasks required by the Act to ensure the Group complies with its legal obligations, and provide recommendations to management which are consistent with meeting the Act's requirements and philosophies.

Each committee member is required to liaise with relevant stakeholders and staff within their operating unit to identify modern slavery risks within individual supply chains / operations, attend committee meetings and contribute to and/or support the development of the Statement.



GOVERNANCE

The Group's commitment to addressing modern slavery risks in its operations is aligned with its overarching risk management framework. QSA requires its operating entities, directors, officers and employees to maintain high standards of ethical conduct in all of their business activities. This includes a commitment to business practices being conducted in accordance with the highest possible ethical standards which is reflected through Quanta Services' Code of Ethics and Business Conduct.

QSA is also committed 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 Labour Organization's Declaration on Fundamental Principles and Rights at Work, and legislation relating to human rights.

QSA is bound by Quanta Services' Code of Ethics and Business Conduct⁵ and Anticorruption Compliance Policy, Human Rights Policy and Non-Discrimination, Anti-Harassment and Anti-Retaliation Policy.

QSA's local operating entities also have their own local policy frameworks that address code of conduct, anti-harassment, equal opportunity, anti-bullying and grievance resolution for the Australian legislative context.

In 2020, QSA also introduced a Whistle-blower Policy providing a reporting framework for personnel to raise any concerns that they may have in relation to misconduct or any other improper acts by Group personnel, without fear of detriment or recrimination. This includes, but is not limited to, human rights abuses.

⁵ Available at: <https://investors.quantaservices.com/governance/governance-documents>



6.

ASSESSMENT OF THE EFFECTIVENESS OF THE GROUP'S ACTIONS

The Group's focus in its first modern slavery reporting year has been to establish processes to identify and address the risks of modern slavery within its operations and supply chains. The assessment of the effectiveness of this process will be monitored over the course of the next 12 months and reported within future modern slavery statements.

Training provided by the Group's legal team has been well-attended by employees. The Modern Slavery Working Committee has also been effective in keeping an ear close to the ground and raising awareness of potential human rights violations within the Australian construction industry, including a recent example of public allegations made against a company which the Group has engaged on past projects.

7. FUTURE COMMITMENTS



MODERN SLAVERY WORKING COMMITTEE

The Modern Slavery Working Committee will be the representing body across our business to build upon the processes set up in 2020. The Committee will meet quarterly and report to the Chief Operating Officer, QSA.

For YE 2021, the Committee's Charter includes:

- Benchmarking the Group against industry;
- Mapping of common suppliers across the business to provide increased opportunity for more detailed risk assessments for the Group's operations;
- 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.

The Committee also provides a platform for Group personnel to source information and ask questions about modern slavery.



POLICIES AND PROCEDURES

QSA will review 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.

An action has been taken to update 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.

Deeper analysis of the Group's procurement spend data will be undertaken in the 2021 reporting year to commence mapping supply chain risk. Characteristics for consideration include industry, commodity, geography, labour engagement model, labour type (low-skilled, skilled, semi-professional, professional).

A supplier and subcontractor rating or evaluation system on modern slavery, for all stages of procurement (pre-qualification, RFQ response, contract negotiations, and performance evaluation) is also being considered.



TRAINING

QSA will provide annual training and presentations, which will be recorded and made available to new employees through the induction process. Targeted training is being considered for employees involved in supply chain management and procurement.



TIER 2 RISKS

The Group will investigate and consider if there are opportunities to use buying power to leverage improved supply chain risk assessment and mitigation by its direct suppliers, particularly suppliers that provide products and services that the Group identifies as having medium to high modern slavery risk.



NEW MARKETS

The Group is considering further project opportunities outside of Australia, as well as expanding its operations in Papua New Guinea. QSA recognises that additional scrutiny will be required in the recruitment of labour and selection of suppliers in less developed nations. Should these opportunities materialise, the Group's actions and the effectiveness of such, will be addressed in future statements.

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



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QUANTA**

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