



MAINBRACE
CONSTRUCTIONS

MODERN SLAVERY STATEMENT

FY20

**WE ARE RETAIL
SPECIALISTS**

MODERN SLAVERY STATEMENT FY20

This joint statement is provided by Mainbrace Constructions Pty Limited (ABN 45 002 970 658) and its wholly owned subsidiary Mainbrace Constructions (QLD) Pty Limited (ABN 47 131 334 159), collectively Mainbrace.

The statement is issued in compliance with the Commonwealth Modern Slavery Act 2018 (the Act) requirement to report by 31 March 2021 on the risks of modern slavery in our operations and supply chains for the inaugural reporting period of 1 July 2019 – 30 June 2020.

A fundamental strategy of our business is the creation of shared value and in doing so we acknowledge the potential for any of the eight types of serious exploitation defined in the Act to occur in our operations and extended supply chains. We understand and accept our continuing obligation to assess and address these risks.

REPORTING ENTITY

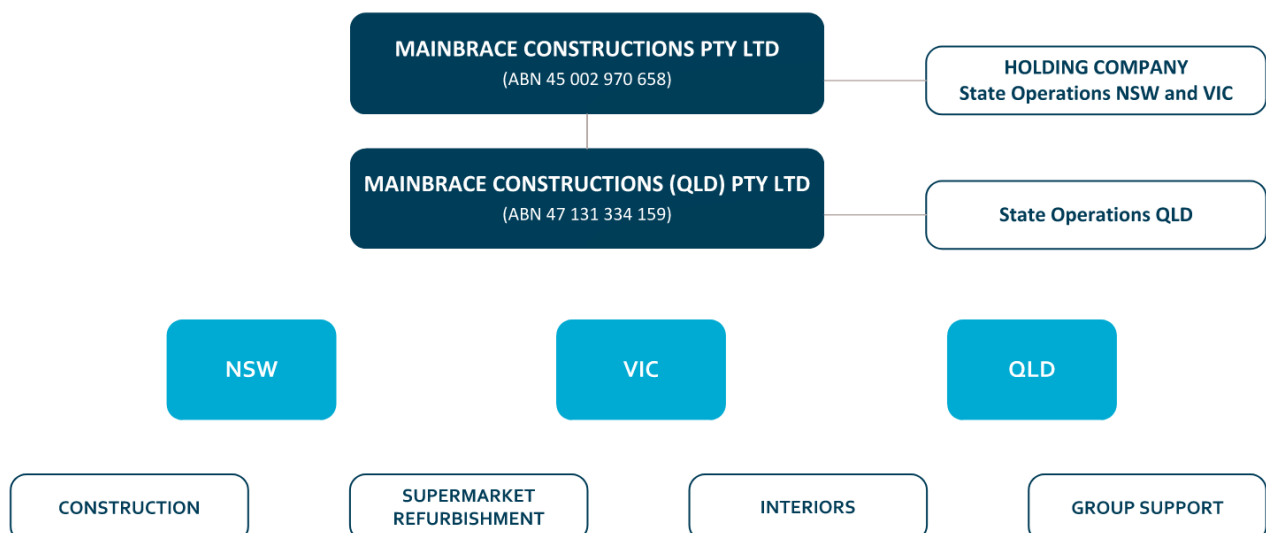
The reporting entity is Mainbrace Constructions Pty Limited (ABN 45 002 970 658) and it's wholly owned subsidiary Mainbrace Constructions (QLD) Pty Limited (ABN 47 131 334 159).

Mainbrace Constructions Pty Limited and Mainbrace Constructions (QLD) Pty Limited both operate in the retail sector of the construction industry. Both companies have shared ownership and directorship, a shared corporate office (Group Support), systems, policies and processes and many shared suppliers. Accordingly all reports of actions to assess and address modern slavery have been consolidated for both entities in this statement.

STRUCTURE, OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY

Mainbrace is a retail construction specialist having successfully completed more than 1,700 projects over the past 32 years with a consolidated revenue of \$341m in FY20.

Mainbrace's Organisational Structure is as outlined below:



There are three main construction divisions within the business:

Construction

Retail construction is the core of our business. The division encompasses a wide range of projects from large format retail, to supermarket rollouts, refurbishment of existing retail centres to new greenfield retail centres.

Supermarket Refurbishments

A specialist division focussing solely on the refurbishment of supermarket spaces. From the inception of our business we have successfully delivered on-time over 600 supermarket refurbishments in the last 32 years, operating in a live trading environment without compromising safety, hygiene or quality.

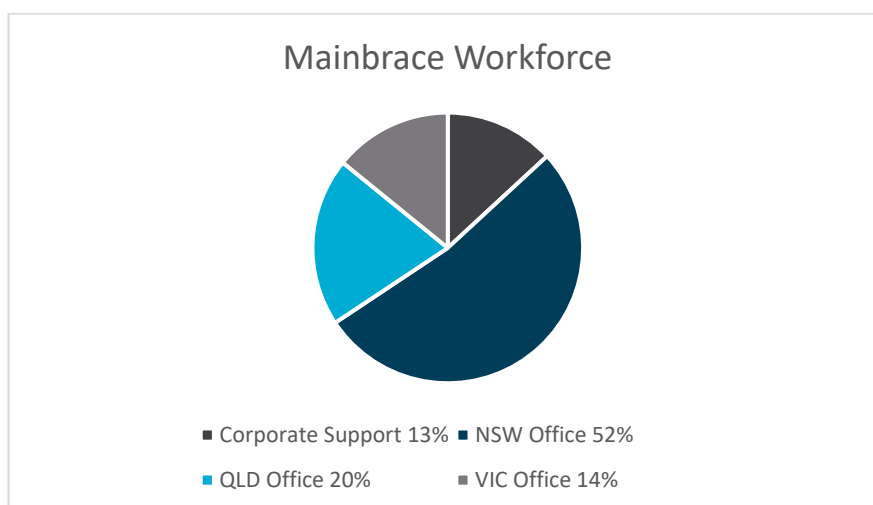
Interiors

Interiors is essentially our small works division focusing on internal changes and upgrades to shopping centres including new shop fit-outs, rebrands, centre amenity upgrades and many other smaller works within complex trading environments.

Our People

Mainbrace employees at the time of writing amount to a total number of 195, 100% of which reside in Australia and 84% of which are permanent salaried employees with the remainder employed under Industry awards and agreements.

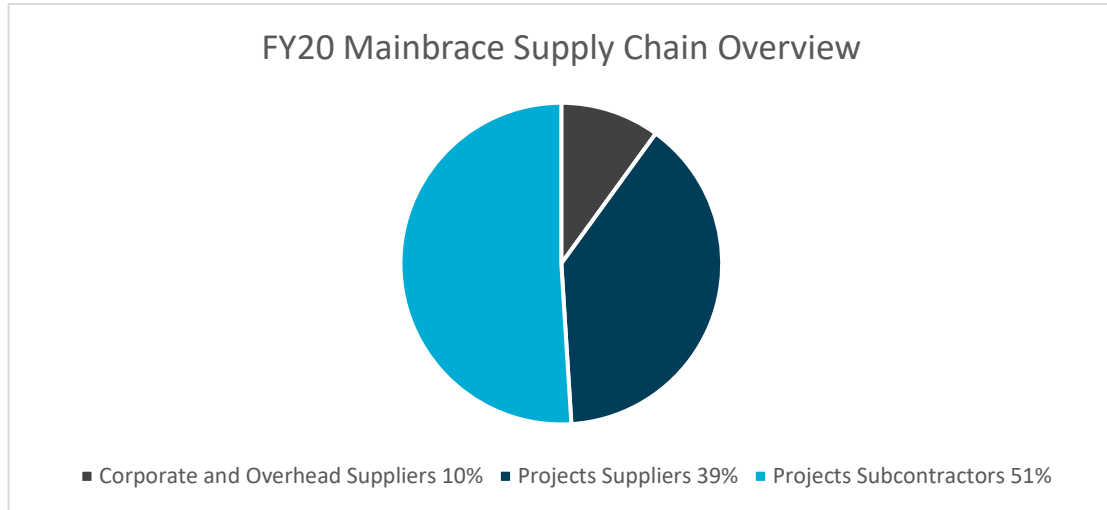
The distribution of the workforce across the business is as follows:



Supply Chain Procurement

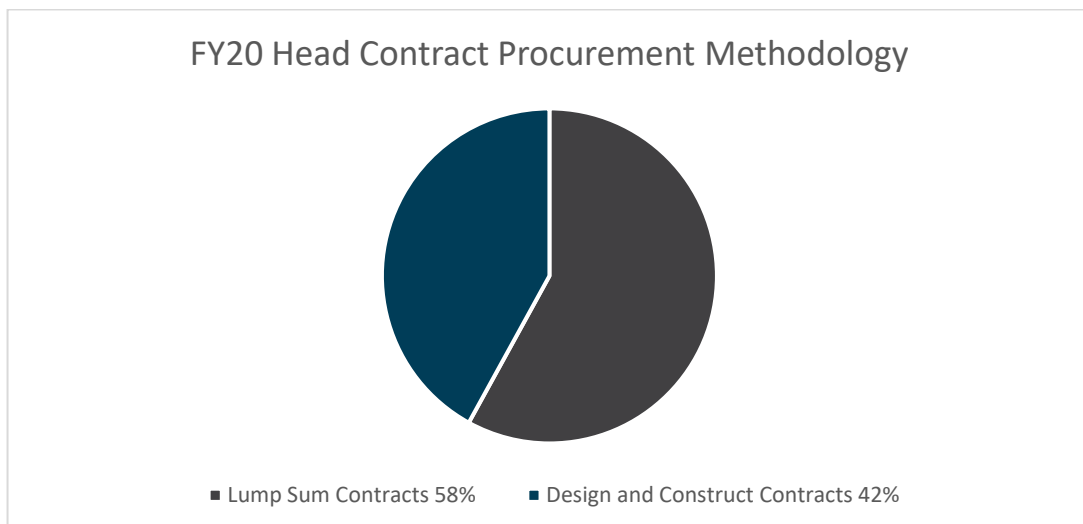
Mainbrace as a head contractor manage the construction process and is largely dependent on our suppliers and subcontractors to procure the goods and services used directly and indirectly in our business.

In FY20 our supply chain consisted of 2,307 Australian based entities distributed across the business as follows:



Group corporate procurement consisting of our offices, general services and consumables, equipment and technology totalled 10% of our supply chain costs with our projects under construction amounting to 90% of our supply chain costs.

While there are many methods employed by our clients' to procure head contractors our FY20 data confirmed for the financial year that our projects were procured using two distinct methods.



The majority of our projects that commenced in FY20 were procured by our clients under Lump Sum contracts. With this is a contractual obligation to deliver the projects strictly in accordance with the client’s project requirements and incorporating the nominated construction equipment, materials and finishes.

The remainder of our works were procured on a Design and Construct basis. Again we have our clients project requirements to comply with but the opportunity exists to substitute what has been nominated with equal alternatives that comply with the design intent and which meet our clients approval.

To maintain the integrity of our operations Mainbrace, employ a documented procurement procedure incorporating supplier performance management processes and a multi-level approval process to ensure what is supplied meets the expectation of our business and is fit for their intended purpose.

RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS

Due to the nature upon which our direct employees are engaged there is no risk of modern slavery in this element of our operations.

Determining the extent of modern slavery practices however in any supply chain is problematic due to the lack of transparency in the supply chains, the underground nature of modern slavery practices and is compounded by the complexity of the extended supply chains and data limitations.

The Global Slavery Index 2018 provides that the top five imported products into Australia at risk of modern slavery are as follows:



Of the five, electronics and garments provide a higher risk in our supply chain but there are also numerous other products used in the construction process which potentially are produced by labour working in unregulated labour conditions.

The extended labour resources used in our operations and the physical construction process on our national projects should enjoy a relatively low level of vulnerability to modern slavery. Notwithstanding this fact there are certain trades in the construction industry such as cleaning, security and general labour hire in which low skilled, unskilled and temporary workers are employed that potentially present a higher risk of engaging in modern slavery practices.

All subcontractors and suppliers procured by Mainbrace in FY20 were Australian based. Nonetheless the extended supply chain overseas presents a higher risk for the existence of modern slavery practices.

Covid-19

Transparency is key in procurement however with the social distancing measures introduced to mitigate the spread of Covid-19 it has lead to a negative change in how procurement is completed and the ability to hide the existence of modern slavery practices. Face to face contact has reduced significantly and with that a decrease in how non-verbal information is being exchanged. While larger entities have adapted with the use of video-based collaboration platforms it is still in it’s infancy with many smaller entities yet to actively participate.

The arrival of Covid-19 has also served to heighten the risk of modern slavery practices locally and internationally in the cleaning industry. The demand for labour to cater for increased cleaning processes across all industries has lead to greater employment of low skilled workers in the manufacture of cleaning products and in the physical cleaning process and with that a higher risk of modern slavery practices being employed.

ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISK OF MODERN SLAVERY PRACTICES

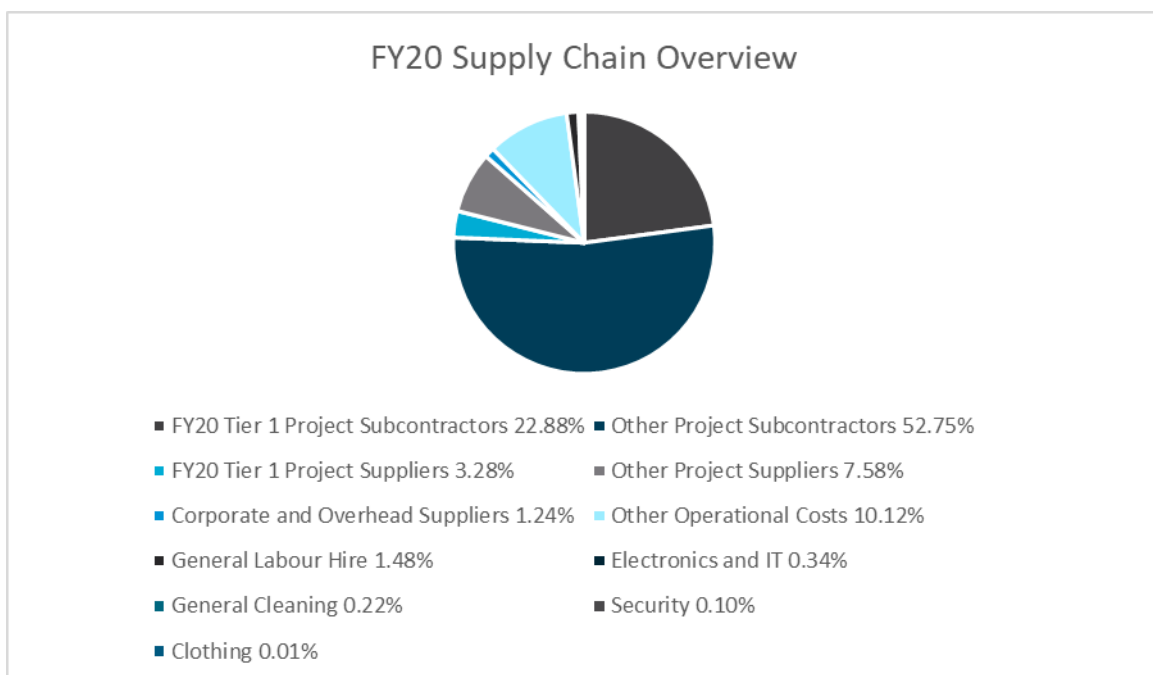
Due Diligence

Having identified 2,307 Australian based entities in our supply chain it was necessary to focus our attention on our FY20 costs.

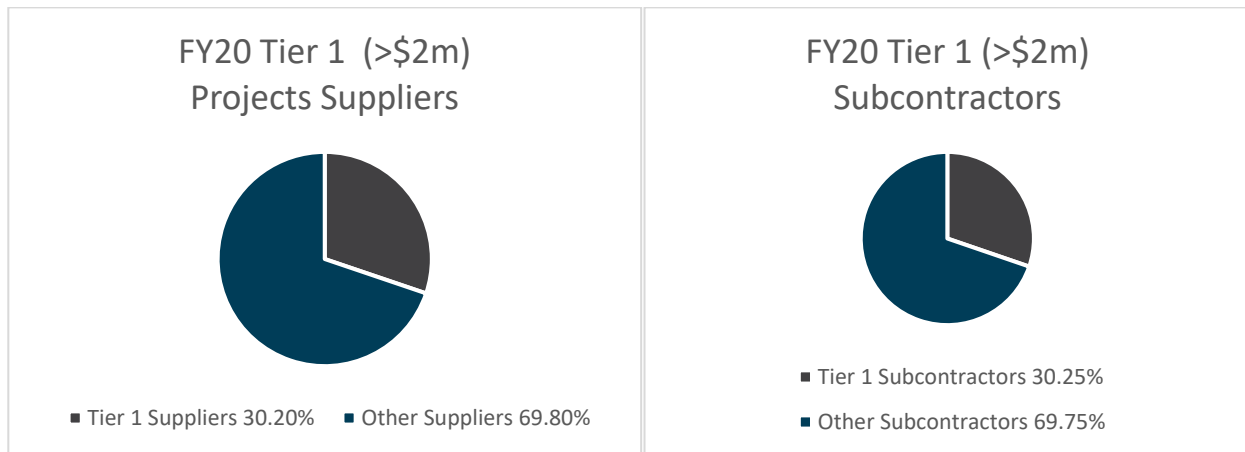
To make a difference in the short term and to combat modern slavery in the longer term our strategic plan considered where we can influence change. It was determined to:

- target the larger direct, “Tier 1”, suppliers in our supply chain and then to cascade into their extended supply chains; and secondly,
- to target those suppliers that are presently considered to have a higher risk for the existence of modern slavery practices.

The resultant cost data provided the following:



Tier 1 suppliers are those suppliers and subcontractors directly engaged by Mainbrace in FY20 and each of which received payments in excess of \$2m in the financial year. The Tier 1 suppliers are all employed on our construction projects. Based on cost they encompass 30% of both our projects suppliers and subcontractors.



With regard to our second area of focus, suppliers with a higher risk for the existence of modern slavery practices collectively equate to 2.15% of our FY20 costs with general labour hire amounting to 1.48%, electronics and IT at 0.34%, general cleaning at 0.22%, security at 0.1% and business clothing at less than 0.01%.

From this macro perspective there was a lesser risk of modern slavery practices being employed in 97.85% of our FY20 supplier costs with only 2.15% of our costs representing potentially high-risk suppliers.

Actions Taken

In order to assess potential risk of modern slavery practices existing in our Tier 1 supply chain and our higher risk suppliers the Australian Government produced *Supplier Questionnaire – Identifying modern slavery risks* was adopted, revised and used to assess their policies and procedures in relation to modern slavery risk. With sufficient feedback to hand the intent is to complete our initial modern slavery risk assessment from which we can address the risks in this component of our supply chain.

Within our operations actions were taken to identify the extent of general knowledge amongst our employees in relation to modern slavery. To make a difference in the short term and in order to address modern slavery risks in our supply chains it was determined that training would be provided to Group Support and those employees responsible for the approval of procurement strategies within the business.

Actions were also taken to review our current human resources and procurement policies and procedures to assess where improvements can be made to what is documented to elevate the business’s awareness of the propensity for modern slavery risks and to mitigate the risk of modern slavery practices in our operations and supply chains.

Further actions were taken in our operations to address how Mainbrace can educate workers on our projects on what is modern slavery and what actions can be taken by them if they believe they are being exploited.

Remediation Process

At present we have not identified nor have we been made aware that our business practices have caused or contributed to modern slavery. Should an instance become known we will cooperate in the investigation of the circumstances and partake in the remediation of the impact in accordance with The UN Guiding Principles.

ASSESSMENT OF THE EFFECTIVENESS OF OUR ACTIONS

This being our inaugural joint statement for entities that are Australia based and operating in an environment of low levels of vulnerability and whose primary supply chain is also locally based, our commitment to mitigating modern slavery risks has been to predominantly identify the propensity of modern slavery risk in our operations and Tier 1 supply chain and to put in place business improvement initiatives to mitigate the likelihood.

The effectiveness of our actions to date will be addressed in our FY21 statement.

PROCESS OF CONSULTATION

The consultation process commenced with the establishment of a working committee within our Group Support office. Group Support have authority over the business practices employed by both entities. The process was then supplemented with consultation with senior management involved in the operations of the business. This consultation process will continue to ensure our business operations align with our modern slavery obligations.

From an industry perspective Mainbrace actively consults and collaborates with our industry peers who often share the same method of operation and supply chains to ensure consistency in our approach to modern slavery.

OTHER RELEVANT INFORMATION - CONTINUOUS IMPROVEMENT

Our modern slavery strategy is built on progressive leadership within our business to increase awareness of the issue which together with a framework of continuous improvement in our policies and processes and the on-going education and training of our employees will together serve to exclude modern slavery practices from our operations and supply chains.

Over the FY21 financial year our key actions will be to:

- complete our inaugural modern slavery supply chain risk analysis based on the FY20 Supplier Questionnaire responses;
- introduce modern slavery awareness training for those responsible for procurement strategies within the business;
- develop our procurement policies and procedures to reduce the likelihood of modern slavery practices in our supply chains,
- develop our human resources policies and procedures to reduce the likelihood of modern slavery practices in our operations; and
- develop and promote our modern slavery whistle-blower policy in all our workplaces

APPROVAL

The Board of Mainbrace has approved this joint statement on behalf of Mainbrace Constructions Pty Limited and Mainbrace Constructions (QLD) Pty Limited on 22 March 2021.



Robert Doust
Managing Director