



MODERN SLAVERY STATEMENT 2020

FERROVIAL CONSTRUCTION (AUSTRALIA) PTY LTD

Contents

ABOUT FERROVIAL AUSTRALIA	3
FERROVIAL AUSTRALIA'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS	4
RISKS OF MODERN SLAVERY IN FERROVIAL'S SUPPLY CHAIN AND OPERATIONS	5
ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS AND EFFECTIVENESS OF THOSE ACTIONS	9
CONSULTATION PROCESS WITH SUBSIDIARIES	9
OTHER RELEVANT INFORMATION	10



Established on 1 July 2011, Ferrovia Construction (Australia) Pty. Ltd. (formerly known as Ferrovia Agroman (Australia) Pty. Ltd.) ACN 150 820 116 (**Ferrovia Australia**) is an Australian construction company with a strong focus on safety, quality and innovation.

Ferrovia Australia is committed to conducting business honestly and to the highest ethical standards. As part of this, Ferrovia Australia is providing a voluntary modern slavery statement under the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) for the financial year ending 31 December 2020. Ferrovia Australia has one subsidiary, Ferrovia Construction (New Zealand) Ltd. (**Ferrovia NZ**), and our ultimate parent company is Ferrovia, S.A. (**Ferrovia, S.A.**), one of the world's leading infrastructure operators and urban services companies.

This modern slavery statement was approved by the board of Ferrovia Construction (Australia) Pty. Ltd. on 29 June 2021 and applies to Ferrovia Australia's operations within Australia.



Name: Enrique Blanco

Position: Managing Director

FERROVIAL AUSTRALIA'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Ferrovial Australia is headquartered in North Sydney, NSW, and its workforce varies with its existing operations. In FY20, Ferrovia Australia employed, on average, 45 people in Australia. All our employees are on written contracts. We support our employees' rights to collective bargaining and freedom of association.

The goods and materials purchased directly by Ferrovia Australia depend on the scope, scale and complexity of each project. In addition to specific plant of equipment, the main materials usually procured for our projects include steel for concrete reinforcement, steel for prestressed concrete or cement.

For each project, Ferrovia Australia completes a rigorous market assessment to determine which subcontractors have the capacity and capability to deliver the scope within the distinct work packages and, importantly, which packages have a significant depth of supply opportunities in the local and regional market. Ferrovia Australia is mindful of preventing new opportunities in the local and regional markets by nominating preferred contractors prior to being able to communicate opportunities to the open market.

At tender stage, Ferrovia Australia identifies an indicative list of goods and services that will be potentially procured by it and opportunities for Australian, local and regional, and Aboriginal and Torres Strait Islander businesses.

Based on our internal corporate procedures, there is a list of goods and materials which are to be internationally coordinated with the Ferrovia, S.A. Procurement Department. These goods and materials include:

- Plant and equipment to be incorporated as fixed assets
- Explosives
- Steel for concrete reinforcement
- Cement in bulk
- Asphalt bitumen
- Railways material
- Active reinforcing steel and pre-stressing structure works
- Large concrete precast
- Curtain walls
- Metal roofing.

In FY20 Ferrovia Australia engaged with over 100 suppliers, all of which were located within Australia. The key good and services that were procured included:

- Professional services e.g., legal, property management
- Specialist Consultants e.g., design, environmental
- Construction services e.g., subcontractors, materials and manufactured products for our sites in NSW and Qld
- Corporate supplies e.g., technology services and hardware suppliers, office furniture.

RISKS OF MODERN SLAVERY IN FERROVIAL'S SUPPLY CHAIN AND OPERATIONS

Ferrovial Australia has undertaken a risk assessment to identify any risks of modern slavery taking place in our supply chain and operations. As part of this risk assessment, Ferrovia Australia has reviewed modern slavery in the context of our projects and the construction industry in general. Our biggest risk areas are identified as those products (including those lower in our supply chain) that are manufactured overseas and have identified potential high levels of forced labour. Ferrovia Australia will periodically review our operations and supply chains to review our ongoing modern slavery risks through the delivery of our projects.

Corporate policies

Ferrovia Australia has a number of policies and procedures already in place to help mitigate risks of modern slavery in our supply chain, including:

- Anti-Bribery & Corruption Policy
- Anti-Discrimination & Equal Opportunity Policy
- Freedom of Association Policy
- Industrial Relations Policy
- Anti-Bullying & Harassment Policy
- Whistleblower Policy
- Supplier Questionnaire
- Quality and Environmental Procedure – Purchasing
- Q&E Procedure – Managing Suppliers.

We have also obtained relevant health, safety, environment and quality accreditations.

Ferrovia, S.A.'s Supplier Code of Ethics, which also applies to Ferrovia Australia, details Ferrovia Australia's expectations of itself, its subsidiaries and suppliers, in relation to among other things, human rights and the elimination of child labour and forced labour. It specifically provides that suppliers shall:

- *"...scrupulously respect the human rights and public freedoms contained in the Universal Declaration of Human Rights and the resolutions of the International Labour Organisation, in particular the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy"*
- *"...not use child labour or incorporate any product or service from child labour into its business activities and shall ensure compliance with the provisions of the International Labour Organisation (ILO) regarding the work of minors"*
- *"...take the necessary measures within its organization to eliminate all forms of forced or compulsory labour, understood as any work or service required from a person under the threat of any negative consequence if it is not performed"*.

Ferrovia, S.A.'s own Corporate Code of Ethics is consistent with the commitments above and requires its employees to be in strict

compliance with all applicable laws, which includes the *Modern Slavery Act*.

Our Whistleblower Policy provides a forum for employees, subcontractors, suppliers and associates to report any suspected instances of modern slavery free from fear of reprisal.

Procurement and engagement procedures

As set out above, Ferrovia Australia has in place strong policies and procedures relating to the engagement of its supply chain. This includes due diligence through following strict procurement processes, conducting press searches and running checks on company history. As part of the assessment of our suppliers and subcontractors we also consider the potential engagement of any secondary subcontractors or suppliers and associated risks.

The selection process for engaging a supplier or subcontractor includes:

- A request for tender
- Analysis of quotations, negotiation and selection
- Approval of recommendation & comparative form
- Shortlisted subcontractor meeting
- Opening potential credit
- Acceptable subcontractor list.

Our supplier questionnaire requires subcontractors and suppliers to provide information, including:

- Whether any parts of the work will be subcontracted
- Around relevant policies such as work health & safety and union agreements or other industrial agreements.

Ferrovia Australia's standard contracts puts the prospective subcontractor or supplier on notice that Ferrovia Australia conducts its commercial relationships in accordance with the provisions of the Ferrovia's Code of Ethics and Anti-Corruption Policy and the supplier must confirm that it accepts the provisions of Ferrovia's Code of Ethics and Anti-Corruption Policy, which includes as a minimum the commitment to zero tolerance to any act that could be considered corruption or bribery of any type.

These contracts also include a clause regarding the United Nations (UN) Global Compact recognising the commitment of the parties to the continued improvement of corporate social responsibility and sustainable development as reflected in the 10 principles of the UN Global Compact¹ and to support such principles as may be applicable to their obligations.

Under our standard contracts, our direct suppliers are liable and responsible for the conduct, defaults, acts and omissions of any secondary subcontractors and employees and agents of secondary subcontractors as if they were conduct, defaults, acts or omissions of the supplier. These contracts are periodically reviewed.

¹ See https://ungc-communications-assets.s3.amazonaws.com/docs/about_the_gc/UN-GLOBAL-COMPACT-STRATEGY-2021-2023.pdf for further details.

Although Ferrovial Australia does not maintain a preferred selection list of subcontractors and suppliers, it has built relationships with trusted subcontractors and suppliers who are approved for use based on outcomes of review of their capability assessments and comparatives.

In its own tenders, Ferrovial Australia includes a modern slavery statement to make sure that effective systems and controls are implemented to understand, manage and minimise instances of modern slavery. For example, on a recent major rail infrastructure tender, Ferrovial Australia included a statement to confirm that Ferrovial Australia as part of the consortium will take all reasonable steps to source labour, products, services, and materials from sources free from modern slavery.

We expect the same high standards from all subcontractors, suppliers, and business partners and going forward our Commercial and Procurement team members will be trained in modern slavery risks and identification.

Ongoing monitoring

Once engaged, suppliers and subcontractors are subject to ongoing monitoring. The Project Director (or senior manager responsible for the subcontractor or supplier) is responsible for assessing and continually monitoring the risk and ensuring that an appropriate level of monitoring is always applied to each subcontractor or supplier. Subcontractor or supplier performance monitoring is an agenda item at each project team meeting.

Audits of subcontractors and suppliers are to be included in the project audit schedule managed by the Project Quality Manager. Audits involve on and off-site interviews with workers, interviews with management personnel, review of company documentation and an inspection of the workplace. The scope and frequency of audits is determined by the Project Quality Manager in consultation with the Ferrovial Australia representative responsible for managing the subcontractor and supplier and the Project Director. A typical audit frequency for a moderate risk external provider is:

- Annually for a system audit where there is no third-party certification
- Quarterly where the quality controls/record audit relates to specific scope.

Assessments where a subcontractor or supplier achieves a low score, or where they are found to be in breach of Ferrovial's Anti-Corruption Policy, are reviewed by the Chief Financial Officer in consultation with the Managing Director and the National Commercial Manager who will then determine if it should be requested that the subcontractor or supplier's status is to be changed to 'rejected'. A change to 'rejected' is mandatory where a subcontractor or supplier is found to be in breach of our Anti-Corruption Policy.

Going forward these inspections will extend to modern slavery.

In the next financial year, we will implement our Modern Slavery Policy, which is currently in draft form.

Overall risks

From our modern slavery risk assessment, we have identified the following areas as high-risk areas (including those lower in our supply chain such as secondary subcontractors and suppliers):

- Products that are manufactured overseas and have identified high levels of forced labour including plant and equipment
- Personal protective equipment
- Timber products and electronics
- Australian-based labour using labour hire arrangements involving workers who are unskilled and have English as their second language.

Ferrovial will continue to assess its risks and periodically review operations and supply chains to review modern slavery risk.



ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS AND EFFECTIVENESS OF THOSE ACTIONS

As set out above, we have identified key risk areas in our operations and supply chain.

Our future actions to mitigate these risks include:

- Establishing contract conditions that require labour hire contractors to commit to fair work practices
- Requiring subcontractors and suppliers to provide a copy of their Fair Work Australia enterprise bargaining agreements prior to commencing onsite and notifying the Ferroviaal project leads of any sub-labour hire agreements
- Establishing contract conditions that require suppliers to commit to ensuring their products do not include materials or products in their own supply chain that may have been subject to modern slavery
- Upon reasonable request, subcontractors and suppliers to provide place of origin and traceability data regarding modern slavery risks
- Providing modern slavery risk awareness training to our employees on how to recognise modern slavery supply chain compliance in the procurement process and supply chain more generally.

CONSULTATION PROCESS WITH SUBSIDIARIES

This statement was prepared in consultation with Ferroviaal NZ.

The actions taken to assess and address the risks of modern slavery set out above cover both Ferroviaal Australia and Ferroviaal NZ.

OTHER RELEVANT INFORMATION

As part of Ferrovial Australia's continual approach to zero tolerance for any form of modern slavery, and in addition to those set out above, we plan to undertake the following actions in the next financial year:

- Implement our Modern Slavery Policy, which is currently being finalised. Key components of that policy include:
 - the Managing Director will be responsible for the implementation of the policy and other related policies and procedures, including the communication and detailed interpretation, risk assessment, monitoring and any disciplinary action in response to an apparent breach of the policy
 - the Legal Counsel will be responsible for maintaining and reviewing the policy
 - the National Commercial Manager will be responsible for clarifying and resolving general issues with the assistance of the Legal Counsel if required due to complexity of the issue. The National Commercial Manager will also oversee any audit of policy compliance which may be considered necessary.
- Appoint a Modern Slavery Officer who will be responsible of any compliance issues with Ferrovial Australia's Modern Slavery Policy
- Staff will be encouraged to report any concerns or issues regarding compliance with the Modern Slavery Policy to the Modern Slavery Officer
- Update our standard form subcontracts and supply agreements to refer to our Modern Slavery Policy and require our subcontractors and suppliers to adhere to the guidelines set out within that policy.

ferrovial
construction

**FERROVIAL CONSTRUCTION
(AUSTRALIA) PTY LTD**

Level 9, 65 Berry Street, North Sydney NSW 2060

+61 2 8736 9600

www.ferrovial.com

