



# KAEFER

When it counts, count on us.

## KAEFER INTEGRATED SERVICES PTY LTD



# CONTENTS

1.0	INTRODUCTION.....	3
2.0	KAEFER GROUP: OUR CORPORATE STRUCTURE, OPERATIONS AND SUPPLY CHAIN.....	3
2.1	The Reporting Entity and Our Corporate Structure.....	3
2.2	Our Operations, Team, and Supply Chain.....	4
3.0	MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAIN .....	7
4.0	ADDRESSING THE RISKS OF MODERN SLAVERY .....	8
4.1	Governance and Compliance.....	8
4.2	Policies .....	10
4.3	Supplier Engagement & Management .....	11
4.4	Training.....	12
4.5	Collaboration.....	12
5.0	ASSESSING EFFECTIVENESS OF OUR ACTIONS.....	13
6.0	MODERN SLAVERY ROADMAP: TARGETS .....	13
7.0	CONSULTATION.....	16
8.0	APPROVAL .....	16

**Revised Statement Notice**

*This is a revised statement which updates the original Statement that was approved by the principal governing body of Kaefer Integrated Services Pty Ltd as the reporting entity on 29 July 2022. The updates in this statement pertain to formatting only. No substantive changes have been made to any of the content in this statement. In particular, the formatting changes reflected in this revised statement are: (1) an update to the contents page to remove bookmark errors, as the contents page did not match headings in the body of the statement; and (2) updating two hyperlinks which did not function properly in the original statement.*

*The revisions have been considered by the principal governing and the revised statement has been duly approved as reflected on pg.16 of this statement.*

## 1.0 INTRODUCTION

KAEFER is a leading provider of turnkey construction, maintenance and asset integrity services. At KAEFER, we believe we have an important part to play in building a sustainable future and we are in the perfect position to do so: for more than 100 years, we have worked across industrial facilities, mines, refineries, oil & gas plants and marine environments.

We are a services company, and we recognise that people are at the very core of our business; the success of our organisation depends on ensuring that people work in a safe environment. We pride ourselves on doing things the KAEFER way – this is what makes us different and is seen clearly in our strong safety record, cutting edge technical expertise, and strong ethical values that guide us in everything we do. KAEFER runs on family principles and common values across all entities, countries and regions.

We recognise that our industry harbours inherent modern slavery risks and we take responsibility for doing our part to better understand and address those risks. At KAEFER we see our approach to tackling modern slavery risks as rooted in our commitment to treating all our stakeholders with dignity and respect. This commitment is a key part of our values and extends to all our employees, clients, business partners, contractors and the communities in which we are active. Furthermore, we believe we have a responsibility to promote good practices and support human rights around the world.



Figure 1: Our KAEFER values

This Statement is our first Statement under the Australian Modern Slavery Act (2018) Cth for our Australian reporting entity and its controlled and owned entities.

## 2.0 KAEFER GROUP: OUR CORPORATE STRUCTURE, OPERATIONS AND SUPPLY CHAIN

### 2.1 The Reporting Entity and Our Corporate Structure

This Modern Slavery Statement is submitted by KAEFER Integrated Services Pty Ltd (ABN 83 009 046 191) (KAEFER Australia), as the reporting entity under the Australian *Modern Slavery Act 2018* (Cth) (MSA). This Statement also covers the entities controlled by KAEFER Integrated Services Pty Ltd for the reporting period (calendar year 2021) covered by this statement. These are KLH Australia Pty Ltd (ABN 24 611 399 672) and KMM Contracting Pty Ltd, now trading as

Isologics Pty Ltd (ABN 93 614 949 898).<sup>1</sup>

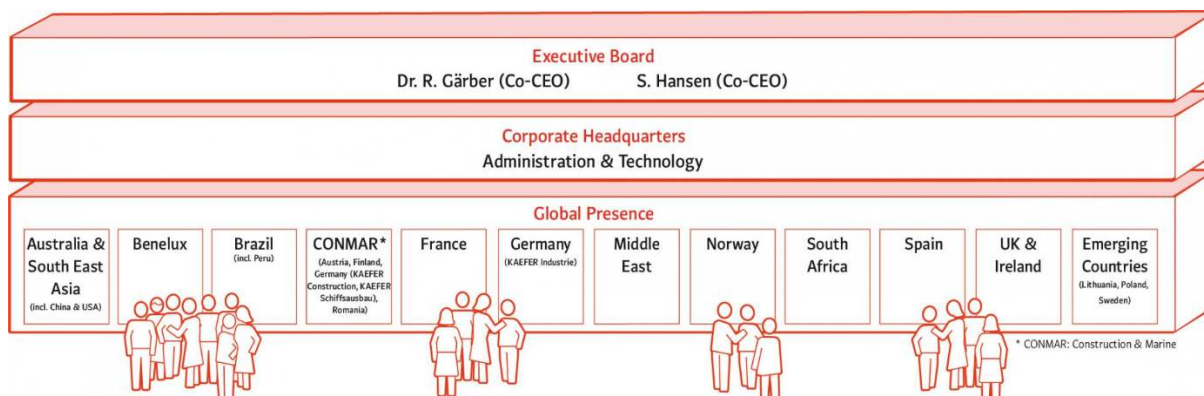


Figure 2: Our organisational structure

KAEFER Australia is a part of the KAEFER SE & Co. KG parent company (KAEFER), headquartered in Bremen, Germany. KAEFER is a privately-owned company with a global presence, including across Australia and Southeast Asia, as depicted in Figure 2: Our organisational structure.

## 2.2 Our Operations, Team, and Supply Chain

KAEFER Australia has an established and widespread presence across Australia, operating in the country for 40 years. KAEFER was established in Bremen, Germany in 1918, initially providing insulation services to the local shipbuilding industry. The company has since developed



Figure 3: KAEFER and KAEFER Australia Services Portfolio

into a market leader for plant integrity services and solutions, with over 30,000 employees in over 30 countries.

KAEFER Australia is a leading provider of turnkey construction, maintenance and industrial services. We specialise in the delivery of a range of services, including:

**Mechanical services:** We install and maintain structures and components.

**Surface protection:** Working to protect our client’s buildings and industrial facilities from wind, weather, water, process temperatures and chemical stress.

<sup>1</sup> For completeness we note that KAEFER Novacoat Pty Ltd (ABN 88 112 160 817) was a controlled entity for the part of the reporting period only and was deregistered in November 2021. Similarly, KAEFER Maicon Pty Ltd (ABN 93 623 613 945) was part of the KAEFER Australia group but is currently undergoing deregistration.

**Insulation and cladding:** We develop, create, and fit insulation for industrial and high-tech applications, including thermal and cryogenic insulation, noise protection and acoustic insulation.

**Access solutions:** We provide practical and efficient access systems, ranging from scaffolding and rope access to elevated platforms.

**Passive fire protection:** implementing passive fire protection that provide the highest level of safety for people.

**Marine structures remediation:** With our complementary capabilities spanning mechanical, surface protection and access, we are able to offer complete services for remediation of marine structures, ranging from integrity inspections through to pressure cleaning and abrasive blasting.

**Asbestos management:** We are fully licensed to complete asbestos removal works across Australia and are also experienced in the removal of hazardous coatings including lead-based paints.

In Australia, we have a team of over 1,400, and five offices across the country located in Perth (Head Office), Naval Base, Geraldton, Kalgoorlie, Adelaide, Darwin and Gladstone as well as fully equipped workshop facilities located in Naval Base, Kalgoorlie, Geraldton, Darwin and Gladstone to support our site-based teams.



*Figure 4: Australian operations*

KAEFER takes great pride in our people and fostering a culture that embraces diversity and builds acceptance. We are also working towards correcting gender imbalances, which still dominate our industry. As a global organisation we are also determined to play a proactive role in rebuilding trust and developing progressive ways to foster positive working relationships with indigenous communities. To this end, KAEFER Australia has adopted its first Reconciliation Action Plan,

which was officially endorsed by Reconciliation Australia.

KAEFER Australia’s supply chain provides goods and services for the delivery of our industrial services. Our broad range of service offerings means that our supply chain is equally diversified. Globally, [KAEFER Group Sustainability](#) have mapped procurement categories, as illustrated in Figure 5: KAEFER procurement categories. KAEFER Australia’s procurement categories are largely aligned with this global picture, providing us with initial insights into key risk areas for modern slavery within our supply chain.

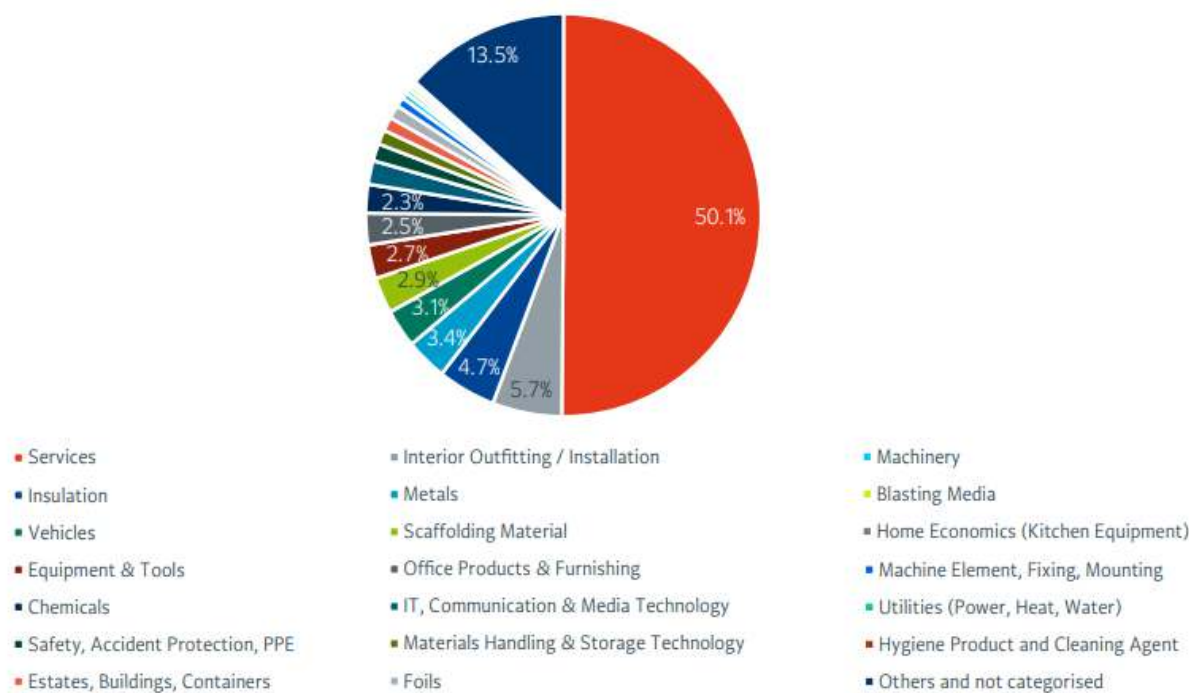


Figure 5: KAEFER procurement categories

KAEFER globally and also in Australia, is committed to long-term relationships with our suppliers. This is reflected in the fact that the number of core suppliers we engage with has risen only slightly over the reporting period for this Statement, whilst with continued growth we are increasing the number of suppliers we work with. With a large and labour-intensive supply chain, KAEFER Australia, and indeed KAEFER globally, recognises the need for a robust supply chain management system. We are, therefore, striving to build on our current system, particularly through increasing transparency and dialogue with our suppliers. We provide further details on our current system, targets and actions below.

### 3.0 MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAIN

For this reporting year, KAEFER Australia focused on reviewing the inherent modern slavery risks for our operations and supply chain. As part of this review, we have taken stock of the risk assessment work and mitigation practices already being undertaken by entities within our global group (e.g., KAEFER Limited in the UK) and our centralised global sustainability team at the ESG Project Management Office and Corporate Responsibility & Sustainability (CRS) Department. This team has conducted a CSR Risk Check assessment for the construction and architecture sector in Australia.<sup>2</sup> Our risk screening forms the baseline for a formal supply chain risk assessment for KAEFER Australia, which is already underway at the time of writing of this Statement.

KAEFER Australia’s review was based on the following indicators, which are also guiding our detailed risk assessment:



*Figure 6: Risk Indicators*

Based on our review of operational risks, KAEFER Australia believes that our exposure in this area, or rather the exposure of our own and/or supplier/contractor workers, is relatively small. This is due to the strong and legally compliant labour and human resources practices we implement and our supplier and contractor due diligence and assurance requirements that seek to ensure that our partners have similarly strong practices in place. Nevertheless, we recognise that the construction industry in Australia holds modern slavery risk, particularly in relation to migrant workers but also health and safety at work, discrimination and gender inequality. As such, we are committed to monitoring our human rights performance in our operations and building upon our systems and processes to strengthen our controls for suppliers and contractors, where necessary and possible.

In addition to labour risks, we have identified the following risks as particularly relevant to our industry and operations, in descending order of risk:

- Healthcare equipment, e.g., PPE

<sup>2</sup> This was conducted via the [CSR Risk Check](#) tool developed by the Dutch NGO *MVO Nederland*.

- Automobiles and components
- Industrials, e.g., machinery, equipment and tools
- Materials, e.g., chemicals and metals

The majority of KAEFER Australia's Tier-1 suppliers are based in Australia, with the remaining ones being located around Italy, Malaysia, Mauritius, the Netherlands, and Singapore. Of these locations, modern slavery risk is known to be higher in Malaysia and Mauritius. While Australia is a generally low-risk location, we recognise that according to the Global Slavery Index, cases of forced labour exploitation in Australia do exist and that these practices predominantly occur in industries of relevance to our business as set out above.

Diversified services comprise the largest proportion of our global spend by procurement categories (50.1%) and we expect KAEFER Australia's spend to mirror this result. Depending on the specific industry, procuring services can pose anywhere from low risk in sectors such as financials, to extremely high risk for services such as labour hire and recruitment. In an effort to deepen our understanding of the risk profile in our supply chain, we will develop and investigate a breakdown of service categories to identify areas of higher risk.

Finally, KAEFER UK has identified potential exposure through our global supply chain to products which contain materials originating from the Democratic Republic of Congo or adjoining countries, which is listed under the US Securities Exchange Commission Rule of Conflict Minerals issued on 22 August 2012 and any updates thereof. KAEFER Australia will take this into account during our risk assessment to ascertain whether our Australian supply chain is similarly exposed to this risk.

It is our intention to expand on this initial risk inventory, grow our understanding of risk and build upon existing mitigation and assurance actions to address those risks.

## 4.0 ADDRESSING THE RISKS OF MODERN SLAVERY

### 4.1 Governance and Compliance

Ultimate responsibility for KAEFER Australia's counter-slavery response vests with our Board of Directors. Our Board meets regularly and is actively engaged in matters of sustainability, including human rights and counter-slavery response. At the management level, KAEFER Australia's counter-slavery response is currently led by the Procurement Team under the National Procurement Manager.

Our Australian governance structures are also integrated into a global framework, and as part of this, our Australian Board of Directors attends several meetings annually with the German Board. This ensures global alignment on key strategic issues, which for KAEFER Group, includes sustainability and our human rights performance.

Globally, we can leverage unique support in furthering our counter-slavery response by drawing on a dedicated CRS Department and a cross-departmental ESG Project Management Office, as depicted in Figure 7: KAEFER Group (global) sustainability governance. Human rights and supply chain sustainability are already firmly established on the agenda of both Units and some of our response is being driven centrally for KAEFER Group as a whole.





Figure 7: KAEFER Group (global) sustainability governance

One of the objectives for KAEFER Australia going forward will be to formalise local governance of our response by assigning responsibility at the management level, drawing on cross-functional input locally (e.g., involving Human Resources etc.), and formalising modern slavery response as a Board agenda item at regular intervals. We also intend to take action to ensure we best leverage the global structures in place, whilst still recognising that different regions may require unique responses to meet compliance requirements or address risks specific to that region.

KAEFER Australia also recognises, along with our Group as a whole, that a comprehensive approach to good governance must include systems directed towards compliance. We see this as forming part of our focus on sustainability. Our Corporate Compliance, Consulting and Audit (CCA) Department is headed by the Chief Compliance Officer, who reports directly to the company CEO and Executive Board at the global level. This department is supported by local compliance officers in all countries, who report directly to the Managing Directors. Local compliance officers support KAEFER workers with any concerns, including Business Partner Due Diligence, and anti-corruption. Through this Department our global organisation is able to deliver effective training and confidential reporting channel, which we intend to leverage as part of our evolving counter-slavery response.

## 4.2 Policies

KAEFER Australia operates the following policies and procedures relevant to countering modern slavery:

Policy or Procedure	Description
Code of Business Conduct	The KAEFER Code of Business Conduct and compliance programme sets out our policies relating to our corporate goals and values, as KAEFER is strongly committed to risk management and compliance. The KAEFER Code of Business Conduct makes clear to employees the actions and behaviour expected of them when representing the organisation. We strive to maintain the highest standards of employee conduct and ethical behaviour when operating in any capacity as a KAEFER representative and in managing our supply chain.
Modern Slavery Policy	This Policy reflects KAEFER Australia's continuing responsibility to combat slavery. It provides an overview of our actions to understand risks and put in place steps aimed at ensuring that there is no slavery in our own business or our supply chain.
<u>Human Rights Policy</u>	This Policy has recently been published by KAEFER's Global ESG Project Management Board. This policy applies to KAEFER globally and sets out KAEFER's human rights commitments. It is guided by international standards and principles including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN.
Supplier Code of Conduct (Draft)	This is currently being drafted by our Global ESG Project Management Office. Adoption is imminent.
Business Ethics Policy	This Policy applies to all employees and requires conduct that evidence honesty, integrity and commitment. It is underpinned by a Business Ethics Declaration signed by all employees.
Health and Safety Policy and supporting Management System	KAEFER has in place a comprehensive system for managing H&S risks. Our OHS system is independently audited to ISO 45001 and ISO 14001.
Harassment and Bullying Policy	Sets out the company's zero tolerance to this issue and our commitment to maintaining a workplace culture of respect and dignity.
Freedom of Association Policy	Stipulates our approach to and safeguards for workers exercising their right to freedom of association and associated right to collective bargaining.
Whistle-blowing Program	Mechanism for employees or contractors to raise concerns in a confidential way, without fear of reprisal. We encourage all our workers and partners to report any concerns related to the direct

	<p>activities or the supply chains of our organisation. This is supported by a KAEFER Compliance Helpline (a web-based electronic whistle-blower system). We are currently working on expanding the scope of our Whistleblowing system and Helpline to expressly include reporting on human rights-related issues. Concerns can be reported anonymously and by any person connected to our supply chain.</p>
<p>Other Policies</p>	<p>In addition, KAEFER Australia operates under various other policies that support our commitment to respecting the human rights and dignity of all our stakeholders in line with our values. These include Anti-corruption Guidelines, Parental Leave and Rehabilitation Policies, and an Indigenous Participation Policy, amongst many others.</p>

All employees are made aware of our policies through our induction and training processes and are expected to adhere to them in carrying out their duties as employees of KAEFER Australia. We also expect our business partners, suppliers and contractors to comply with the KAEFER Code of Business Conduct.

### 4.3 Supplier Engagement & Management

KAEFER Australia’s supply chain management system is based on our global model and can be broken down into five separate phases:

- The incorporation of supply chain management guidelines into relevant internal policies and management handbooks as well as guidance to our suppliers through our Supplier Code of Conduct, currently being drafted.
- Environmental and human rights risk assessments in dialogue with our suppliers
- Preventative measures, e.g., supplier qualification
- Grievance mechanism, included in KAEFER's whistle-blower system
- Monitoring and reporting

To mitigate the risks of modern slavery and human trafficking in our supply chain, KAEFER Australia undertakes due diligence when considering taking on new suppliers or contractors. We also regularly review existing suppliers and subcontractors. A focus area for us will be expanding the lens through which we assess our existing suppliers during our regular reviews, to include more targeted performance review in relation to modern slavery. We anticipate broadening this assessment, including dedicated questionnaires once we have conducted the supply chain risk assessment. This will help us identify priority suppliers, or supplier categories, for initial engagement.

When engaging a new supplier, KAEFER Australia also undertakes investigations into the prospective supplier and issues a questionnaire to each new supplier. This questionnaire collects information on the supplier’s Health and safety systems, environmental management systems as well as on the measures the supplier has in force to detect modern slavery within its own business and supply chain. In addition, we conduct supplier background screening (e.g., restricted party lists).

KAEFER Australia's terms with suppliers require each supplier to confirm compliance with the KAEFER Code of Business Conduct. Suppliers are also subject to audit by KAEFER's dedicated audit team. Our approach to supplier management is grounded in collaboration. We want to work with our partners and to that end place strong emphasis on ensuring there are regular touchpoints with our contractors and suppliers throughout project delivery. In tandem with this approach, KAEFER Australia also employs Key Performance Indicators (KPIs), and our partners are subject to regular and post-project reporting and monitoring requirements.

As our systems mature, we anticipate that additional assurance actions will be developed to manage modern slavery risks within our supply chain.

### 4.4 Training

Managed through our Compliance System, KAEFER Australia provides various means of training and sharing of information to all its employees. This includes e-learning on:

- Our Code of Business Conduct
- Anti-corruption
- Anti-Trust
- Conflicts of Interest

We also regularly ensure that we raise awareness of and provide training to all employees with regards to whistleblowing and our global whistle-blowing system: the KAEFER Compliance Helpline, which enables early detection and prevention of misconduct.

KAEFER Australia has not yet conducted formal Modern Slavery training for our workers. However, our procurement team is actively raising awareness across our operations, and we are aware that KAEFER UK has already adopted a Modern Slavery e-learning module. Our objective is to collaborate with our colleagues and adopt the same or similar learning module to deploy to our workers across Australia. We are also considering the development of focused modern slavery training for key functions, such as procurement staff. This training will be timed to include training on reviewed and updated policies and procedures.

### 4.5 Collaboration

We recognise that the Modern Slavery Act encourages organisations to work together to identify and combat modern slavery. KAEFER Australia is actively exploring opportunities to collaborate with our peers as well opportunities to partake in global initiatives that are aligned with our sustainability-focus. Our global CRS Department regularly benchmarks our performance in key sustainability areas against industry practices, and we also conduct stakeholder surveys to gain insights into the concerns of our internal and external stakeholders.

Given the global nature of our organisation, there is rich opportunity for collaboration and innovation within our Group, and this is where we will initially direct our focus. This will include collaborating with our ESG Project Management Office and our teams in the UK to share lessons

learnt from their practices under the UK Modern Slavery Act.

### 5.0 ASSESSING EFFECTIVENESS OF OUR ACTIONS

KAEFER Australia has set a number of targets and objectives for progressive improvement of our counter-slavery response. These are set out in section 6.0 of this Statement and were developed following a strategic and holistic assessment of our current systems and practices. This assessment focused on our governance systems, due diligence systems and practices, supplier management and engagement processes, our policies and training, as well as grievance and remediation systems. In addition, our CRS Department also benchmarks our performance on ESG aspects against industry practices. This also informs our approach to continuous improvement of our counter-slavery response.

The targets and associated KPIs will enable us to track our progress over time. In future statements we intend to report on our progress in meeting the targets we have set ourselves and measuring how we perform year-on-year by key metrics, such as number of grievances received and resolved, trainings conducted and supplier assessment and engagement statistics.

The adoption of KPIs in relation to counter-slavery response is aligned with actions we are implementing as part of our broader sustainability strategy. We have begun to integrate measurable KPIs into our sustainability and ESG approach, and we view the adoption of KPIs and measurable targets as part of our counter-slavery response as an extension of that commitment to track, and continually improve our performance over time in all that we do.

### 6.0 MODERN SLAVERY ROADMAP: TARGETS

KAEFER Australia is committed to the continuous review and improvement of our counter-slavery systems and practices. To that end, the table below sets out targets and associated KPIs we have set ourselves for the near future.

Topic	Actions and Objectives	Measurement / KPI	Implementation Timeframe
<b>Improved Supply chain visibility</b>	Enhancing supplier data collection relevant to modern slavery indicators and aggregating data	Data collected for all new suppliers	2022
<b>Assessing Supply chain risks</b>	Conducting formal supply chain risk assessment to establish where our supply chain risk exposure is as a foundation for future actions and engagement. This is already underway.	All Tier 1 suppliers assessed for modern slavery risk, and risk exposure established.	2022
	Developing and deploying Supplier Assessment Questionnaire (SAQ) to adjust risk and work towards greater supply chain visibility.	SAQ sent to high-risk existing suppliers based on outcomes of supply chain risk assessment.	2023
<b>Management oversight and governance</b>	Formalising Board oversight of modern slavery issues by setting modern slavery as a regular agenda item.	Modern Slavery considered as an agenda item annually	2022
	Formalising assignment of accountability at the Management Level	Responsibility and Accountability formally assigned to key Management Position	2023
	Integrating governance of MS-response in Australia with our global response through the ESG Project Management Office (e.g. forming a local cross-functional Working Group to coordinate response with the global team)	Integrated local and global governance	2023
<b>Supplier assurance</b>	Adopting additional assurance procedures for high-risk suppliers, such as inspections and third-party audits.	Additional assurance practices adopted.	2023/24
<b>Collaboration and Engagement</b>	Exploring additional avenues for industry collaboration, including through global and regional initiatives (e.g. joining the UNGC Modern Slavery Community of Practice).	Investigating suitable initiatives together with global CRS Department and ESG Project Management Office	2023

<b>Contracts</b>	Updating contractual provisions to broaden counter-slavery obligations, as appropriate based on risk	Contracts updated	2022/2023
<b>Training</b>	Conducting employee training on modern slavery issues, risks, and mitigations.	Generic training and included in all induction processes; 100% of new team members trained.  Development of specialised training module for key team members (e.g. procurement); 100% of procurement team members trained.	2022/2023  2024
<b>Updating policies</b>	Investigating the process for updating and expanding KAEFER Group's policy suite to include specific language and controls around modern slavery, beginning with the adoption of our Supplier Code of Conduct (already underway). This will take place through our global sustainability team in collaboration with KAEFER Australia.	Adoption of Supplier Code of Conduct.	2022-24
<b>Grievance and Remediation Systems</b>	Updating our Whistle-blower Policy and Procedure to include modern slavery and practices indicative of modern slavery as a reportable issue for our workers. This work is already underway.	Whistle-blower Policy updated and Helpline expanded  # of modern slavery grievances received  % of grievances resolved	2022/23

## 7.0 CONSULTATION

During the reporting period covered by this Statement, KAEFER Australia actively engaged with the companies we own or control in the development of this Statement. This is facilitated by the fact that as a group, the companies in Australia are managed as an integrated organisation, with common Directors across the reporting entity and the entities we own and control. This means that there is shared awareness amongst the relevant entities of the modern slavery risks and current due diligence and anti-slavery response systems and processes. It also means our targets for future action to further improve those systems and practices as described in our Statement are clear and transparent across the group. All systems and procedures apply equally across our reporting entity and the entities we own and control.

## 8.0 APPROVAL

This revised statement was approved by the Board of Directors of KAEFER Integrated Services Pty Ltd, the principal governing body of the reporting entity, on 27<sup>th</sup> of March 2023.



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Gregory Le Pape

Director

27<sup>th</sup> of March 2023