



Modern Slavery Statement 2020/21

1. Reporting Entity

This is a joint statement made on behalf of the **Marmon Construction Services (Australia) Holdings Pty Ltd** ("MCSA") and its related Australian entities, together forming the Marmon Construction Services (Australia) Holdings Pty Ltd Group ("MCSA Group").

2. Structure of the Reporting Entity

The MCSA group comprises the following operating reporting entities:

- Marmon Constructions Services (Australia) Holdings Pty Ltd (ABN 38 154 626 954)
- Freo Group Pty Ltd ("Freo") (ACN 009 325 124)
- WGC Crane Group Pty Ltd ("WGC") (ACN 002 091 287)

Non-operating, non-reporting entities comprise:

- Sterling Crane (Australia) Pty Ltd (ACN 154 672 705)
- Global Cranes Pty Ltd (ACN 116 217 639)
- Marmon Crane Australia Pty Ltd (ACN 625 735 579)
- NSW Cranes Pty Ltd (ACN 46 625 563 868)
- United Crane Hire Pty Ltd (ACN 49 093 547 712)

MCSA is a holding company registered and domiciled in Australia. It has a number of subsidiaries, however Freo and WGC are the only operating companies within the MCSA Group and are therefore the only entities disclosing information within this report. All entities within the MCSA Group are private limited companies.

WGC, whilst not a direct subsidiary of the MCSA Group, is controlled by MCSA due to a common overseas parent, Marmon Crane Services, Inc., a company registered in the United State of America. Marmon Crane Services, Inc. and the MCSA Group are members of a portfolio of companies wholly owned by Marmon Holdings, Inc., a United States registered company, whose ultimate parent is Berkshire Hathaway Inc., a United States registered company, headquartered in Omaha, Nebraska and listed on the New York Stock Exchange.

Both Freo and WGC operate in the same industry: the supply of crane services and related labour and ancillary services to the mining, oil & gas, construction, renewable energy and infrastructure sectors across Australia. They collectively employ around 820 people, across 24 branches, in five States and Territories throughout Australia.

Marmon and Berkshire Hathaway have a very strong stance on ethical behaviour across all of their global business units and, as a subsidiary of these entities, the MCSA Group also takes a strong stance against slavery in all of its forms. MCSA Group in no way condones human trafficking, forced labour, child labour, or child exploitation. MCSA Group complies with all Australia laws and regulations in relation to treatment of its employees and believes in

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equality for all workers regardless of age, gender, race, religious beliefs, sexual orientation or other personal traits.

These practices are set out in the MCSA Group's *Human Rights, Ethics and Compliance* procedure and this procedure governs all entities within the MCSA Group. The same executive and leadership team sits across the entire MCSA Group and is in a position to monitor, direct and enforce this procedure consistently.

In addition, the MCSA Group has other policies and procedures, which complement the *Human Rights, Ethics and Compliance*, including, but not limited to the following:

- *Diversity and Inclusion Policy.*
- *Indigenous Engagement Management Plan.*
- *Community & Indigenous Engagement Management Plan.*
- *Social Responsibility Management Plan.*
- *Employee Relations Policy.*
- *Code of Conduct.*
- *Workplace Bullying and Harassment Procedure.*
- *HSE Management Plan.*
- *Marmon Policies 1 and 2* (parent polices that all employees must adhere to and acknowledge via annual declaration).

In addition to these policies the ultimate parent, Berkshire Hathaway, Inc., provides an annual communication to every employee setting out Berkshire Hathaway's view on ethics and compliance. Part of this communication includes a "hotline" that can be contacted by tollfree phone or email to report suspected breaches of laws or regulations or any unethical behaviour. Every contact with this service is investigated by an independent executive within the wider group.

MCSA Group believes that these policies, procedures and processes, working together, minimise and mitigate any risk of aspects of Modern Slavery existing within our operations and/or supply chain.

3. Modern Slavery Risks in Operations and Supply Chain

The direct risks around Modern Slavery, with respect to the MCSA Group, exist within its own employment practices. These are situations where we may cause Modern Slavery practices through our own actions. For example, through underpayment or non-payment of wages or salaries.

The policies, procedures and processes outlined in section 1 of this statement are considered adequate to address these risks.

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There are also situations where we may contribute to Modern Slavery practices. For example, we may set unreasonable expectations on our suppliers with respect to prices of rigging equipment and this could lead to them engaging in Modern Slavery practices to meet these cost pressures.

Finally, there are situations where we may be directly linked to Modern Slavery practices through our association with another business. For example, a supplier of ours may be engaged with a supplier of theirs (or even a supplier of a supplier) who engages in Modern Slavery practices. We deal with many diverse suppliers who supply a wide variety of items to us and other consumers (for example stationery, clothing, protective equipment) where the country of origin of all raw materials por components is difficult to ascertain.

MCSA Group ensures the following in its dealing with employees and candidates for employment:

- we do not charge registration fees to be part of our employee database or to be considered for employment with us;
- we do not hold or retain passports or other identity documents on behalf of employees;
- all employees are covered under a registered Enterprise Bargaining Agreement or individual contract of employment that is consistent with Fair Work guidelines and National Employment Standards;
- all new employee information packs include the Fair Work Information Statement or Casual Employment Information Statement as applicable;
- we do not ask for demographic information such as gender, ethnic background, religious beliefs, political affiliation, sexual orientation or age during the recruiting or onboarding process;
- where accommodation is supplied to our employees as part of their employment this accommodation is safe, clean and of a good standard;
- we do not allow the employment of children in any circumstances;
- we provide training to our staff and managers on legal and appropriate hiring practices, including interview techniques; and
- we conduct periodic audits on our payroll system to detect errors or incidences of incorrect payments of wages and salaries.

We adopt a risk-based approach to managing risks within our business and this includes Modern Slavery risks. Our current assessment of the risk of Modern Slavery existing within our business is deemed low. This risk is regularly monitored along with other risks on our risk register and updated as necessary.

The indirect risks exist in the form of exposure to suppliers within our supply chain who may be engaged in or indirectly exposed to Modern Slavery practices. Almost all MCSA Group's suppliers are located in Australia, however we do purchase cranes from foreign

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manufacturers that are represented by local agents or subsidiaries here in Australia. We have conducted a risk analysis on our supplier network, based on location, value of spend, nature of operations and the nature of products and services purchased from each supplier.

As a result of this analysis, we determined that 30% of our total spend was attributable to a group of only 5 suppliers. Each of these suppliers are large multinationals, who are all subject to the requirements of the *Modern Slavery Act 2018 (Cth)*. We engaged with representatives from each of these entities, either via phone, in person or via email, and discussed in detail the various requirements and the measures that each has, or will have, in place to ensure that their own supply chains are free from elements of Modern Slavery. As a result of these communications and our own knowledge gained from having worked with these suppliers for many years, we concluded that the risks of Modern Slavery related to these suppliers was very low and no further action was needed, other than an annual update.

We then expanded our analysis to other large suppliers and found that a further 25% of our spend was embedded with a group of 107 suppliers. Each of those suppliers was sent a Modern Slavery risk assessment questionnaire to help us ascertain the risk of Modern Slavery within the supplier's supply chain. We sent a total of 107 questionnaires and received responses from 47 of these – are response rate of 44%. We also worked with a technology partner and a consortium of similar businesses to share supplier common details and information to assess risks relating to shared suppliers.

Where the responses to the questionnaire or other indicators existed to suggest that there was a higher risk of Modern Slavery being present with a particular supplier's supply chain; or where we were not able to determine a level of risk based on the responses, we reached out to representatives of the supplier and met with them to discuss our concerns.

Suppliers were classified into the following categories:

OEM Suppliers

These are suppliers that manufacture the main products we utilise to generate revenue within our business: cranes and associated lifting equipment. Our spend with these 4 suppliers accounts for over 26% of our total purchases and this area is considered medium risk for that reason, as well as the fact that these suppliers generally manufacture overseas.

Senior executives from MCSA Group met with senior executives at each of our OEM suppliers and discussed their views and attitudes towards Modern Slavery. Where available we also reviewed their Modern Slavery statements, policies, and other documents.

Conclusion: As a result of this process, we determined that it is highly unlikely that elements of Modern Slavery exist within this aspect of our supply chain.

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This will be reassessed each year or more frequently if circumstances indicate the need to do so.

High Value Purchases

These are entities such as suppliers of automotive components; fuel; rigging equipment; transport and logistics; automotive repairs and servicing; and insurance. There are 108 suppliers in this category accounting for 29% of total purchases.

Again, these suppliers were all sent a risk assessment questionnaire and the responses were analysed. We were also able to speak with a small number of these suppliers by phone to discuss their company's practices and actions to combat Modern Slavery.

Conclusion: There is a very low that elements of Modern Slavery exist in this area of our supply chain.

These suppliers are subject to ongoing annual assessments.

Suppliers of IT equipment and services; food, beverage and catering; and cleaning suppliers

Whilst not a significant value of spend, nor particularly high volumes of purchases, this category of suppliers contains some of the "Top 5" at-risk products as determined by the G20 in the 2018 Global Slavery Index.

We sent risk assessment questionnaires to each of these suppliers (a total of 7) and evaluated their responses. Only one of these entities chose not to respond to us and we know that they are a sole trader who does not employ staff, so we consider the risk in this area also to be very low.

Conclusion: There is a very low that elements of Modern Slavery exist in this area of our supply chain.

These suppliers are subject to ongoing annual assessments.

General Suppliers

These are the remaining balance of our suppliers who do not fit into the other categories. These suppliers' number > 1500 and account for 45% of total purchases. We are in the process of sending and collecting risk assessment questionnaires back from each of these suppliers and this will be an ongoing task.

Conclusion: The risk of Modern Slavery existing in this aspect of our supply chain is deemed minimal, however we acknowledge that this is an area that requires more detailed assessment.

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4. Actions Taken to Address Risks

MCSA Group is undertaking several actions to address the risks set out in Section 3 of this report.

Firstly, we have implemented a variety of policies, procedures, and processes within our operations to educate our employees and suppliers about Modern Slavery. These documents are also designed to assist in preventing and detecting elements of Modern Slavery, should they exist. Our Human Rights, Ethics and Compliance procedure is routinely shared with our clients, who often request how we address risks of Modern Slavery within our business. We hope that this contributes to us being held accountable to this document. We are also sharing this with our supplier base as we continue to work through our active engagement with key suppliers as outlined in Section 3 of the statement.

Secondly, we have joined a consortium of other similar businesses in Australia to implement a software-based solution designed to obtain information and intelligence from elements of our supply chain. The software facilitates the sending of a detailed questionnaire to all suppliers and collects and collates responses to help formulate a risk rating of each supplier. This information is shared for common suppliers across the consortium and, whilst still in its infancy, it is hoped that by working together with like-minded organisations, we can help better educate our supplier network and reduce or eliminate elements of Modern Slavery.

Thirdly, we keep ourselves aware of what is happening in the Modern Slavery compliance space within Australia, through attendance at webinars, reading guidance notes and other information as it is made available through the Australian Border Force and professional service firms such as lawyers and accountants.

Finally, MCSA Group's compliance with the *Modern Slavery Act 2018 (Cth)* is managed and overseen by a senior member of the Group executive, who is both the CFO and a director of the Group.

Where we suspect that a supplier may be engaged in or indirectly exposed to elements of Modern Slavery, we will address these concerns with the supplier in question. If they cannot provide satisfactory evidence to allay our concerns, then we will cease purchasing from this supplier immediately. If we believe that the supplier has engaged in or been involved in unlawful activity, we will report this to the applicable State or Federal law enforcement body.

5. Assessment of Effectiveness of Actions

Our assessment of the effectiveness of our actions is that we believe we have built a solid process to critically evaluate each of our suppliers and the risk of the existence of Modern Slavery within the first tier of our supply chain. We have a suite of policies and procedures governing how we manage suppliers and how we treat unethical or illegal behaviour as it pertains to our Group, including our stakeholders. We have a robust control environment to

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address all business-related risks and we consider Modern Slavery to be one of these business risks.

6. Process of Consultation with Other Entities Controlled by this Entity

The process of consultation with other entities in the MCSA Group was managed at a centralised level. All administration and support function across the MCSA Group are centralised and the CFO, CEO and Board of Directors are common across the Group. The decisions made concerning MCSA Group's compliance with the *Modern Slavery Act 2018 (Cth)* and the preparation of this statement were made at the Board level so therefore no further consultation was deemed necessary.

7. Other Information

Continuous Improvement

We recognise that this legislation is new to Australia and that mere compliance with the letter of the law is inadequate. The MCSA Group is committed to continue working to achieve the spirit of the legislation and eradicate elements of Modern Slavery from our supply chain. This will take time and, as our supply chain is complex, it will take a sustained effort, however we believe that this is part of being a good corporate citizen.

Approval of this Statement

This statement is approved for release by the Board of Directors of the MCSA Group of companies. These Boards of Directors for each member company are comprised of the same directors.

This statement was approved on 17 September 2021.

Signed for and on behalf of
Marmon Construction Services (Australia) Holdings Pty Ltd ACN 154 626 954



Stephen Rogers – President/Director



Scott Walkinshaw – CFO/Director

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