



MODERN SLAVERY STATEMENT 2021



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Our
Roadmap

This Statement was prepared by Macmahon based on information available to it at the time of preparation. This Statement contains forward-looking statements and commitments that may involve known and unknown risks, uncertainties, assumptions and other

factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements and commitments, and the outcomes may not all be within Macmahon's control. This Statement should be read in conjunction with

Macmahon's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), including the FY21 *Annual Report* and FY21 *Corporate Governance Statement*, which are available at macmahon.com.au

About Macmahon

Macmahon Holdings Limited (Macmahon) is an Australian Securities Exchange (ASX) listed company offering mining and construction services to clients for more than 56 years. We are a trusted partner on resources projects throughout Australia and internationally.

OUR BUSINESS

Macmahon is a diversified contractor with leading surface and underground mining, civil construction, and resources engineering capabilities. As an ASX-listed company with headquarters in Perth, we provide services to many of the largest resources projects in Australia and Southeast Asia. Founded in 1963, Macmahon services major resource companies across various commodity sectors. Our end-to-end mining services encompass mine development and materials delivery through to engineering, civil construction, on-site mining services, rehabilitation and site remediation.

OUR VISION

To be the preferred contracting and services company:

For employees to work for

For customers to use

For shareholders to invest in

OUR VALUES

Our values encompassing Safety, Teamwork, Prosperity, Integrity and Environment make it clear to our employees the actions and behaviours expected of them when representing Macmahon. We strive to maintain the highest standards of employee conduct and ethical behaviour when operating in Australia and abroad and managing our supply chains.

Safety

Think Safe | Act Safe | Enforce Safety

Teamwork

Work Smart | Work Hard | Work Together

Prosperity

Find Value | Drive Value | Achieve Value

Integrity

Be Reliable | Be Direct | Be Honest

Environment

Reduce | Recycle | Rejuvenate

OUR STRATEGY

Macmahon is focused on expanding and improving its end-to-end mining service capabilities to achieve sustainable growth and increase financial returns. Our people are focused on improving efficiencies, investing in future relevance and diversifying and expanding our service offering.



Our Approach

Macmahon recognises that it has a responsibility under the *Modern Slavery Act 2018 (Cth)* to report annually on the risks of modern slavery in its operations and supply chains and on actions to address those risks.

As a business with a large and complex global supply chain and operations and projects across Australia and overseas, we recognise that modern slavery is a real risk. Modern slavery is unacceptable within our operations and supply chain. We are committed to collaborating with our employees, suppliers, government and all other relevant stakeholders to tackle this challenge.

Underpinning our commitment towards modern slavery are a framework of company policies and procedures as detailed on page 18. These include our *Human Rights Policy*, and our policies on Employment and Diversity, Health and Safety, Environment, Indigenous Peoples and our Code of Conduct.

THE REPORTING ENTITY

This *Modern Slavery Statement* is made for the period 1 July 2020 to 30 June 2021. This is a joint Statement submitted by Macmahon Holdings Limited* (ACN 007 634 406) and the following subsidiaries of Macmahon ("Reporting Entities"):

Macmahon Contractors Pty Ltd
(ACN 007 611 485)

Macmahon Underground Pty Ltd
(ACN 003 696 464)

GF Holdings (WA) Pty Ltd
(ACN 009 330 652)

GBF Mining and Industrial Services Pty Ltd
(ACN 133 767 807)

*Macmahon Holdings Limited is the ultimate holding company in the Macmahon Group of companies, and as such, this Statement captures the activities of its subsidiaries and all its controlled entities. A breakdown of the Macmahon corporate group is set out on page 8 of this Statement and can be found on page 109 of our Annual Report for FY21. In this Statement, the terms 'Macmahon', 'Company', 'our business', 'we' and 'our' refer to Macmahon Holdings Limited, its subsidiaries and its controlled entities except where stated or where the context otherwise requires.

This Statement was approved by the Macmahon Board of Directors on 22 December 2021. This Statement covers the activities of Macmahon Holdings Limited, its subsidiaries, and controlled entities.

This is our second *Modern Slavery Statement*. As part of our response to modern slavery in FY21 we:

Risk Assessment Initiatives

- Established a more efficient and robust process for assessing modern slavery risks within our supply chains, including implementation of a modern slavery Self-Assessment Questionnaire (SAQ) as part of our supplier pre-qualification and onboarding process
- Continued to develop a Modern Slavery Framework for assessing Indonesian and Malaysian Suppliers
- Continued to conduct due diligence on our Australian and Indonesian supply chains
- Established a *Risk Assessment Tool* for our Indonesian supply chain
- Assessed modern slavery risks of our Australian and Indonesian suppliers
- Developed a corrective action plan to coach suppliers on corrective actions in response to any modern slavery risks identified
- Followed up suppliers who had not responded to our modern slavery SAQ
- Initiated a "deep dive" into our Personal Protective Equipment (PPE) supply to assess and investigate any potential modern slavery risks
- Developed our FY22 modern slavery initiatives

Policy and Procedures

- Continued to update our supplier and service contract templates to include obligations in respect of modern slavery
- Commenced drafting a *Supplier Code of Conduct* which requires our suppliers to uphold our commitments towards human rights and preventing modern slavery. This *Supplier Code of Conduct* will be rolled out in FY22
- Commenced implementation of a supplier compliance and onboarding system
- Updated our *Procurement Policy* to include our Human Rights approach
- Identified key stakeholders and initiated a *Modern Slavery Working Group*
- Commenced the development of internal procedures for how we will respond to any modern slavery concerns or issues that might arise
- Monitored and reported on progress against actions in our Modern Slavery Action Plan for FY21 and continued developing our Modern Slavery Action Plan for FY22

Training and Education

- Developed and rolled out a mandatory online training module to all our Australian and Indonesian staff providing training on modern slavery legislation and associated requirements

Statement from the Chair and CEO & MD

This is our second *Modern Slavery Statement* under the *Modern Slavery Act 2018 (Cth)*. It reports on our actions to identify and assess modern slavery risks related to our business and supply chains and the initial actions that we have put in place to address modern slavery.

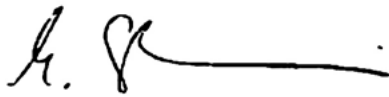
Consistent with our *Human Rights Policy*, we remain committed to eliminating all forms of modern slavery in our operations and supply chains and acknowledge that all businesses have a role in eliminating modern slavery.

Through FY21, we undertook due diligence activities to identify, address, mitigate and prevent human rights and modern slavery impacts from our operations and supply chains. This included creating a more efficient and robust risk assessment process,

assessing our Indonesian supply chain, providing modern slavery awareness training to our staff and furthered our due diligence with our Australian and Indonesian supply chains. We have established our FY22 commitment and initiatives for continuing to deepen our response to modern slavery.

With increasingly globalised supply chains, we recognise that risks of modern slavery are complex and evolving and eliminating all forms of modern slavery is a significant process, but we continue to remain committed in our approach.

This Statement has been approved by the Macmahon Board of Directors on 22 December 2021 on behalf of itself and the other reporting entities listed on page 4 of this Statement.



EVA SKIRA
Independent Non-Executive Chair



MICHAEL FINNEGAN
Chief Executive Officer
and Managing Director



We have undertaken due diligence activities to identify, address, mitigate and prevent human rights and modern slavery impacts.



Our Structure, Operations and Supply Chain

OUR STRUCTURE

Incorporated subsidiaries	Country of incorporation	Ownership interest	
		2021 %	2020 %
Macmahon Contractors Pty Ltd	Australia	100%	100%
Macmahon Mining Services Pty Ltd	Australia	100%	100%
Doorn-Djil Yoordaning Mining and Construction Pty Ltd	Australia	100%	100%
Macmahon Underground Pty Ltd	Australia	100%	100%
Macmahon Contracting International Pte Ltd	Singapore	100%	100%
PT Macmahon Indonesia	Indonesia	100%	100%
Macmahon Constructors Sdn Bhd	Malaysia	100%	100%
TMM Group Pty Ltd*	Australia	100%	100%
TMM Group (Consult) Pty Ltd	Australia	100%	100%
TMM Group (IP) Pty Ltd*	Australia	100%	100%
TMM Group (Operations) Pty Ltd	Australia	100%	100%
Macmahon East Pty Ltd (2020: Windsor Earthmoving Contractors Pty Ltd)	Australia	100%	100%
Macmahon Maintenance Masters Pty Ltd	Australia	100%	100%
Macmahon Contractors (WA) Pty Ltd***	Australia	0%	100%
Macmahon (Southern) Pty Ltd	Australia	100%	100%
Macmahon Africa Pty Ltd*	Australia	100%	100%
Macmahon Malaysia Pty Ltd*	Australia	100%	100%
Macmahon Sdn Bhd*	Malaysia	100%	100%
PT Macmahon Contractors Indonesia	Indonesia	100%	100%
Macmahon Singapore Pte Ltd*	Singapore	100%	100%
Progressive Services Mongolia Pte Ltd*	Singapore	0%	100%
Reactionary Services LLC***	Mongolia	0%	100%
Macmahon Contractors Nigeria Ltd*	Nigeria	100%	100%
Macmahon Contractors Ghana Limited*	Ghana	100%	100%
Macmahon Botswana (Pty) Ltd*	Botswana	100%	100%
Strong Minds Strong Mines Pty Ltd	Australia	100%	100%
GF Holdings (WA) Pty Ltd	Australia	100%	100%
GBF Mining and Industrial Services Pty Ltd	Australia	100%	100%
GBF North Pty Ltd	Australia	100%	100%
GBF Number 3 Pty Ltd***	Australia	100%	100%
GBF Number 4 Pty Ltd***	Australia	100%	100%
GBF Number 5 Pty Ltd***	Australia	100%	100%
GBF Number 6 Pty Ltd	Australia	100%	100%
Ramex Services Pty Ltd	Australia	100%	100%
GBF Project Services S.R.O	Slovakia	100%	100%
PT Macmahon Mining Services**	Indonesia	100%	50%
Interest in trusts			
Macmahon Holdings Limited Employee Share Ownership Plans Trust	Australia	100%	100%
Macmahon Underground Unit Trust	Australia	100%	100%

* Entities were dormant for the financial year ended 30 June 2021.

** In June 2021, the Group acquired the remaining 50% of the voting shares of PT Macmahon Mining Services, a joint venture in which the Group had joint control and held 50% ownership interest.

*** As at the date of this Statement, entities have been deregistered.

Our Operations

Malaysia

Surface Mining

- Langkawi

Northern Territory

Underground Mining

- Tanami

Indonesia

Office (Jakarta)

Surface Mining

- Batu Hijau
- Martabe

Western Australia

Office (Perth)

Workshop (Perth)

Surface Mining

- Julius
- Mt Marven
- Mt Morgans
- Telfer
- Tropicana

Underground Mining

- Boston Shaker
- Granny Smith
- Gwalia
- Leinster
- Bellevue
- Cock-eyed Bob
- Daisy Milano
- Deflector
- Maxwells
- Nicolsons
- Santa
- Wagtail

Mining Support Services

- Coburn
- Warrawoona

Queensland

Office (Brisbane)

Workshop (Coppabella)

Surface Mining

- Byerwen
- Dawson

Underground Mining

- Mt Wright

Mining Support Services

- Peak Downs
- Poitrel Levee
- Saraji

Equipment Maintenance and Management

- Foxleigh

South Australia

Workshop (Lonsdale)

Underground Mining

- Olympic Dam

Victoria

Underground Mining

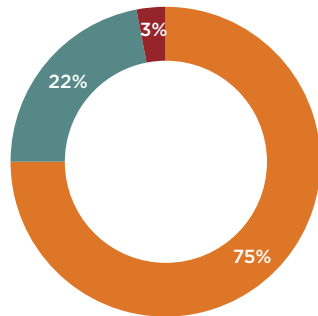
- Fosterville

FY21 REVENUE BREAKDOWN

For further details, a breakdown of the services, projects and our clients are provided in our FY21 Annual Report.

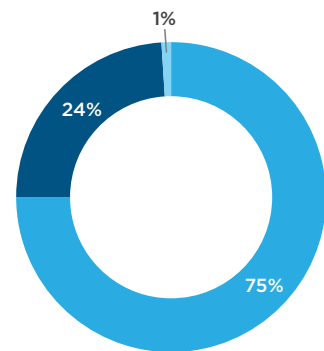
Activity

- Surface
- Underground
- Mining Support Services



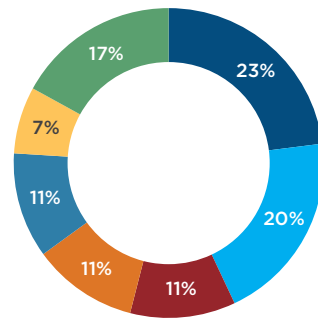
Country

- Australia
- Indonesia
- Other



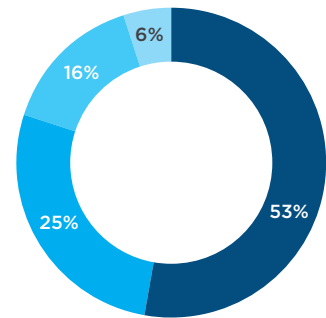
Client

- PT AMNT
- AngloGold Ashanti
- QCoal
- Silver Lake
- Newcrest
- Dacian Gold
- Other



Commodity

- Gold
- Copper/Gold
- Met Coal
- Other



OUR PEOPLE

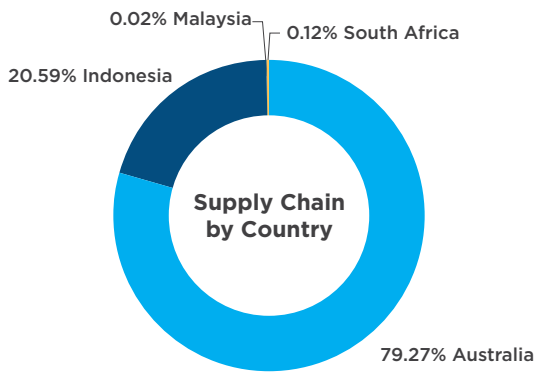
Our people are our greatest asset and essential to our long-term success. We are committed to supporting the overall wellbeing of our people. At the end of June 2021, our workforce totalled 7,069 people. We anticipate this number will increase over the coming year as we bring on several new projects in FY22. Approximately 43% of our total workforce is based in Southeast Asia, with around 56% in Australia.

Workforce by location (as at June 21)

	Employees	Contractors	Total Workforce
Australia	3,035	940	3,975
Southeast Asia	3,016	47	3,063
Other	31	0	31
Total	6,082	987	7,069

OUR SUPPLY CHAIN

In FY21, we procured \$849M AUD in goods and services from approximately 2,995 suppliers. Reflecting our operations, our supply chains were predominantly based within Australia and Indonesia. Less than 1% of our total supply chain spend is in Malaysia and South Africa.



Our supply chains include the procurement of the following services and products:

- Accommodation
- Equipment and Spares
- Consumables
- Corporate Services
- Energy
- Explosives
- Facilities
- Finance
- Freight
- Fuel
- Hire and Rental Goods
- Human Resources (HR)
- Labour Hire
- Oil and Lubes
- Services
- Tyres

We have approximately 2,400 Australian suppliers (accounts for approximately 79% of our overall FY21 supply spend). Approximately 69% of this supply spend was on equipment and spares, such as specialised machinery, sub-contractors, and labour-hire/recruitment.

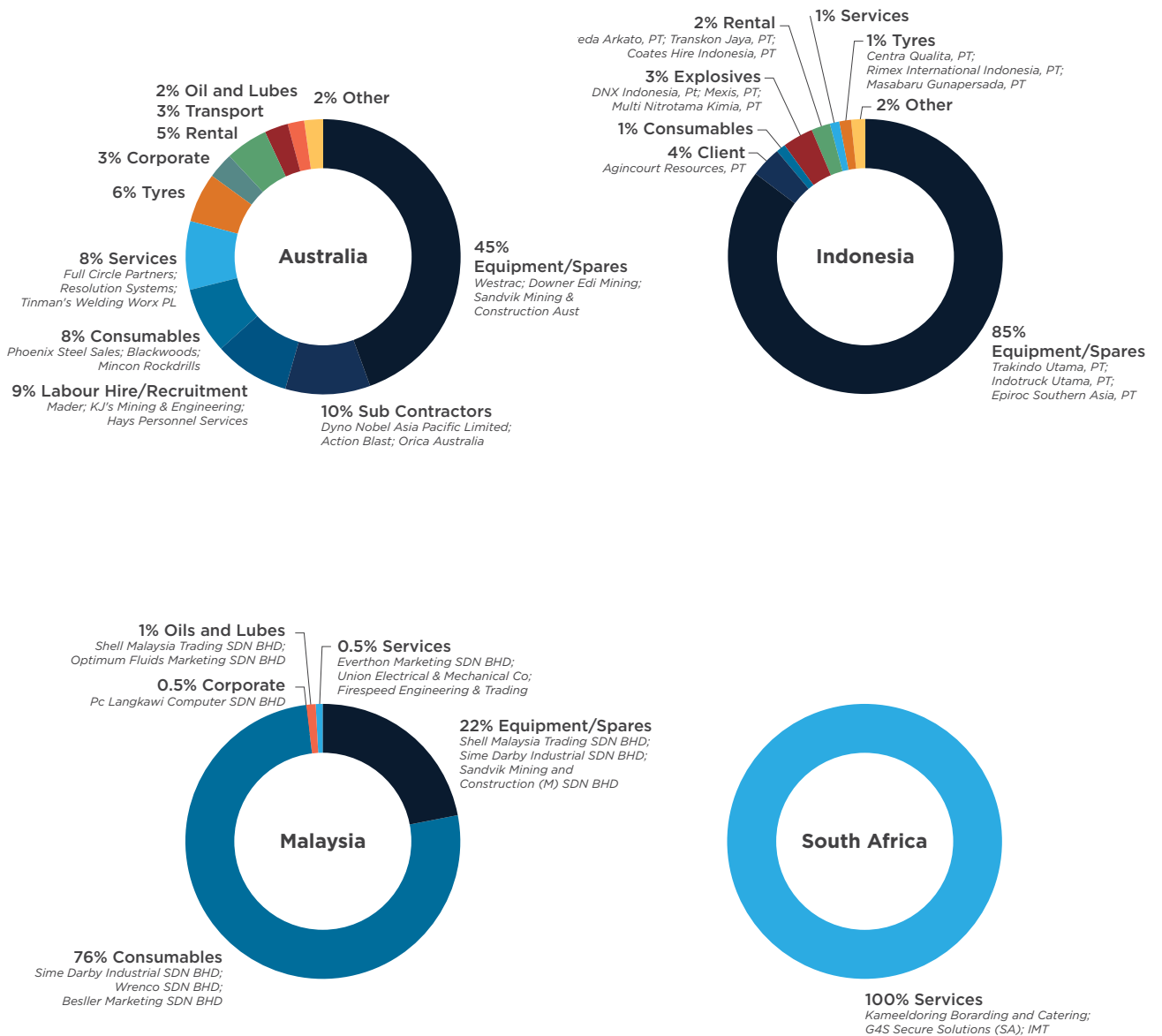
Our Indonesian operation has approximately 590 registered suppliers. Approximately 92% of this supply spend was on equipment and spares, client costs and explosives.

Our Malaysian operation has approximately 95 registered suppliers. Approximately 98% of this supplier spend was on equipment, spares, and consumables.

Our South African operation has approximately 20 registered suppliers. 100% of supplier spend was on services such as vehicle rental, mining technology and security solutions.

A detailed breakdown of our FY21 spending is shown on the following page.

SUPPLY CHAIN BREAKDOWN BY COUNTRY





Modern Slavery Risks

RISKS IN OUR SUPPLY CHAIN AND OPERATIONS

Key modern slavery risks are broadly summarised as follows:

Risk Category	Risk Description
Supply chain goods risks	<ul style="list-style-type: none"> Supplier has a facility (or facilities) in locations identified as 'high risk' Supplier provides goods/materials or services identified as 'high risk'
Supply chain management risks	<ul style="list-style-type: none"> Supplier does not have a policy or process that prohibits modern slavery in its operations and in those of its suppliers Supplier does not have policies and processes to identify, investigate and remedy risk and instances of modern slavery Supplier cannot demonstrate employee training to manage modern slavery risk Supplier does not conduct due diligence for modern slavery risks on its suppliers Supplier does not require suppliers to conduct due diligence for modern slavery on their suppliers Supplier has not participated in Macmahon's modern slavery SAQ
Supply chain labour risks	<ul style="list-style-type: none"> Supplier is in contravention of the United Nations International Labour Organisation (ILO) conventions that prohibit the worst forms of child labour Supplier does not undertake checks to ensure child labour is not being used within its organisation or suppliers Supplier cannot demonstrate compliance to decent work principles or the <i>Fair Work Act 2009 (Cth)</i> Supplier does not have mechanisms available to anonymously raise concerns related to labour conditions or workplace grievances

GEOGRAPHIC AND OPERATIONAL RISKS

We aim to create economic opportunities in the countries we operate in through local sourcing and local employment. As noted above, approximately 79% of our spend is with suppliers based in Australia and approximately 21% with suppliers based in higher risk countries including Indonesia and Malaysia, predominantly supplying equipment and spares (85%), explosives (3.5%) and rental equipment (2.5%).

Given that a significant part of our operations is in Indonesia, a country which is reported to have a higher prevalence of modern slavery by the Global Slavery Index, we recognise that there is a risk we may cause or contribute to modern slavery practices. We have contracts, conditions and procedures in place with our Indonesian labour force to respond to these operational risks (see page 21, Managing risk in our Indonesian operations).

We also recognise that there is a modern slavery risk associated with goods supplied by one supplier of Macmahon that is based in China. Responses to the SAQ provided in FY21 demonstrated low company risk, however geographical risk is moderate according to global slavery index. Multiple visits have been made by Macmahon personnel to the facility with no evidence of modern slavery risk. In FY22 we will set a due diligence approach for this supplier.

HIGH RISK GOODS & SERVICES

As noted previously, in FY21, we procured \$849M AUD in goods and services from 2,995 suppliers spread across predominantly 4 countries. We have identified that the following goods and services, as being higher risk for modern slavery, based on country risks (e.g. goods produced in countries with higher prevalence of modern slavery) and sector risks (e.g. use of low skilled labour, migrant workers, reliance on third party labour hire):

- Labour hire
- PPE
- Garments
- Information Technology (IT)
- Accommodation
- Travel
- Tyres
- Shipping

We also acknowledge that goods that we acquire from our direct suppliers may have ultimately been manufactured in jurisdictions that are higher risk for modern slavery. For example, PPE or materials used to produce PPE, that we source from our suppliers may have been produced in high-risk countries. At this stage our focus remains on understanding our supply chain and the risks of modern slavery within our tier 1 suppliers.

IMPACTS OF THE COVID-19 PANDEMIC

As a result of the COVID-19 pandemic, we have identified potential risks and supply chain challenges which could increase the risk of modern slavery within the supply chain. These risks include:

- Increased financial risk on business
- Due to supplier constraints caused by the COVID-19 pandemic, new supplier onboarding has increased, resulting in extra due diligence efforts
- Lower mental and physical wellness due to isolation and social distancing

Macmahon has endeavoured to address some of these risks by utilising existing supplier base and strengthening due diligence on new suppliers.

OUR FINDINGS

In FY21, we requested approximately 600 suppliers across our Australian supply chain to complete a modern slavery SAQ as part of our risk assessment process. We received 333 supplier responses (56%) by 30 June 2021. We will follow up those suppliers that are yet to respond in FY22.

We have approximately 595 active vendors within our Indonesian supply chain. In FY21, we approached approximately 200 suppliers to take part in the SAQ. The SAQ has been translated in Bahasa and refined to make it more suitable for our Indonesian operations. 76 suppliers have responded by completing the SAQ.

SELF ASSESSMENT COMPLETION

		Vendors	Requested	Completed	% Completed	% Outstanding
Australian Supply Chain	FY20	2000	175	84	48%	52%
	FY21	2400	600*	333	56%	45%
Indonesian Supply Chain	FY20	550	0	0	0%	0%
	FY21	595	200	76	38%	62%

*includes non-responding vendors FY20

RISK RATING		Low	Moderate	High	Non Responding Vendors
		Australian Supply Chain	FY20	57	26
	FY21	76	51	2	267
Indonesian Supply Chain	FY20	0	0	0	0
	FY21	30	35	11	125

CORRECTIVE ACTION PLAN

Low

- Complete Prequalification every two years
- Complete modern slavery SAQ every two years

Moderate

- Complete Prequalification every two years
- Complete modern slavery SAQ every two years
- Provide evidence of policies or processes in place

High

- Complete Prequalification every year
- Complete modern slavery SAQ every year
- Provide evidence of policies or processes in place
- Provide evidence of how organisation is mitigating modern slavery risks (e.g. country of origin certification, supplier audits of supply chain)
- Provide evidence of due diligence activities carried out by organisations suppliers on request (e.g. supplier audits of suppliers within organisation supply chain)
- Provide evidence of planned corrective actions to put mechanisms in place
- Provide evidence of how modern slavery risks are managed at non-Australian locations
- Contact Macmahon Supply Manager immediately if any goods or services being provided from: North Korea, Eritrea, Burundi, Afghanistan, Mauritania, South Sudan, Pakistan, Cambodia, Iran, the Central African Republic

Non Responding Vendors

- Phased approach to non-responsiveness
- Resend SAQ advising deadline
- Verbal follow up
- Apply High Risk approach

Note: During FY21 the SAQ was made a mandatory requirement as part of the vendor onboarding process. New vendors will not be onboarded unless they have completed the modern slavery SAQ.

As our Indonesian supply chain is considered higher for risk for the prevalence of modern slavery, Macmahon aims to take a targeted risk approach as set out in our corrective plan. Individual responses to the SAQ will guide and prioritise the corrective action process with these suppliers. In FY22, we plan to initiate the corrective action process via our Indonesian procurement function overseen by our centralised procurement function based in Australia.

Of the Australian supplier responses, two suppliers were rated as high risk due to geographic risk in China and Manila in the consumables and services categories. As part of our corrective action plan for these suppliers, we have noted that internal training on modern slavery awareness is a potential area of improvement.

In FY22, as part of the working group responsibilities, the corrective action process with suppliers will commence and be prioritised based on risk rating and review of industry guidance information. A framework for assessing modern slavery risk and supplier due diligence will also begin on our Malaysian and Chinese supply chains.

All suppliers rated as high risk will be addressed as a priority throughout the corrective action process. This includes the entire Indonesian, Malaysian, Chinese supply chains and those suppliers rated high within the Australian supply chain.



Actions to Assess Modern Slavery Risks

Various actions have been undertaken in response to our modern slavery risks as outlined below:

OUR POLICIES AND PROCEDURES

A framework of Company policies and procedures underpins our commitment to uphold human rights and assess and manage modern slavery risks in our operations and supply chains.

In FY20, we adopted a *Human Rights Policy* that outlines our commitment to eliminate all forms of modern slavery in our operations and supply chains. We reject the use of all forms of slavery, forced labour, including prison, indentured, bonded or military labour, child labour, forced marriage, any form of human trafficking and deceptive recruiting for labour or services.

Through our *Procurement Policy*, we are committed to conducting purchasing activities in a fair, objective and transparent manner that satisfies the requirements of accountability and internal controls. Emphasis is placed on selecting suppliers and service providers that demonstrate recognisable environmental, sustainability and business integrity standards, including respect for human rights.

Our *Whistleblower Policy* is designed to make it easy for employees and others to make disclosures without fear of retaliation. We encourage all our employees, customers and business partners to report any modern slavery concerns related to our direct activities or supply chains. This includes any circumstances that may give rise to an enhanced risk of modern slavery or human trafficking.

Macmahon policies and programs

Key policies and programs that address human rights and modern slavery include our:

- *Code of Conduct*
- *Environmental Policy*
- *Sustainability Policy*
- *Equal Employment and Diversity Policy*
- *Human Rights Policy*
- *Indigenous Peoples Policy*
- *Procurement Policy*
- *Safety and Health Policy*
- *Whistleblower Policy* and “whistleblower hotline”

GOVERNANCE AND MANAGEMENT

We have established a *Modern Slavery Working Group* to maintain oversight and coordinate various actions on modern slavery across the Company. The *Modern Slavery Working Group* has members drawn from our Australian and Indonesian Supply teams, Human Resources, Health, Safety, Environment and Quality (HSEQ), Legal and Commercial teams.

Our centralised procurement function based in Australia governs and drives modern slavery compliance and initiatives and is overseen by the Executive General Manager of Plant and Innovation.

SUPPLY CHAIN DUE DILIGENCE AND RISK ASSESSMENT

Through FY21, we undertook due diligence activities to identify, address, mitigate and prevent human rights impacts from our operations and supply chains. Our due diligence initiatives included:

- SAQ's issued to existing and new suppliers
- Developed a *Risk Assessment Tool* to assess supplier responses based on answers to the SAQ
- Responses to the SAQ were evaluated using our *Risk Assessment Tool*
- Supplier discussions

Responses to the SAQ have been scored whether compliant or non-compliant. Scores are added to produce an overall company risk rating. Geographical risk is then considered based on facility location and applied to the company risk rating to produce the overall risk priority rating. This will guide the prioritisation of due diligence and the corrective action process.

Our SAQ includes questions relating to whether our suppliers have policies and procedures in place relating to Modern Slavery and supporting Human Rights of its workers. It also includes questions on what due diligence it conducts within its organisation and additionally what due diligence it requires of its suppliers.

A due diligence process is conducted for each new supplier as part of a new supplier set-up process. This includes assessing a new supplier's response to:

- Our *Human Rights Policy* relating to modern slavery
- Financial capability
- Insurance documentation
- Human resources and Industrial relations information relating to claims against the company
- HSEQ statistics
- Accreditations, certifications and management systems
- This assessment is then reviewed and approved by Macmahon key stakeholders and the supply manager to ensure compliance

As part of our International Organisation for Standardization (ISO) requirements, we also undertake re-qualifications across our existing supplier base every two years through our supplier prequalification process. In FY22, we will commence the re-qualification of every supplier as part of implementing the supplier compliance and onboarding system; this will capture supplier responses to the modern slavery SAQ and requires that they acknowledge the *Supplier Code of Conduct* which addresses human rights and modern slavery.

We have developed a supplier database that allows us to filter suppliers flagged as high risk and undertake checks on a case-by-case basis more efficiently. In FY21, we reviewed the risk assessment process and created a more efficient and robust approach for assessing modern slavery risks across Australian and Indonesian supply chains.

In acknowledging an area of increased industry risk, in FY21, we initiated a “deep dive” into our PPE supply to assess and investigate any potential modern slavery risks. A Macmahon representative who oversees the contractual arrangement with PPE and uniform suppliers held one-on-one discussions with the suppliers and sought to reinforce Macmahon’s expectations and requirements related to modern slavery. Regardless of the supplier’s company risk rating, we have adopted a high-risk corrective action approach to PPE supply and expect responses in FY22.

As part of our ongoing efforts to improve our processes, we plan to investigate modern slavery specific risk assessment and analytical software.

SUPPLY CHAIN MANAGEMENT

As a condition of doing business with us, our suppliers are required to comply with our policies and procedures. For several years, the Company’s supplier contract templates have had a slavery and forced labour clause requiring agents, suppliers and service providers to respond to modern slavery risks. In FY21, we updated these clauses in our pre-existing supplier contracts to be consistent with the *Modern Slavery Act 2018 (Cth)*.

Additionally, our Purchase Order Terms and Conditions have been updated to include the slavery and forced labour clause for Australian, Indonesian and Malaysian supply chain purchase orders.

These contractual arrangements require that agents, suppliers and service providers undertake various actions concerning modern slavery, including:

- Conducting their business in a manner consistent with the *Modern Slavery Act 2018 (Cth)*
- Investigating their supply chains and labour practices
- Permitting Macmahon to audit their operations to check their modern slavery actions
- Putting in place and maintaining all necessary processes, procedures, investigations and compliance systems
- Maintaining a complete set of records to trace the supply chain
- Notifying Macmahon if they become aware of any actual or suspected slavery, forced labour or human trafficking in a supply chain in connection with our agreements

With the addition of the supplier compliance and onboarding system being implemented in FY22, suppliers are required to complete the modern slavery SAQ as a condition of their registration with Macmahon. The *Supplier Code of Conduct* which addresses Human Rights and Modern Slavery, requires suppliers to acknowledge the terms of engagement as part of the onboarding process.

MANAGING LABOUR RISK IN OUR INDONESIAN OPERATIONS

We continue to foster positive labour relations with our Indonesian workforce. We ensure we comply with all relevant Indonesian labour legislation, and provide written contracts underpinned by Company Regulations (similar to an Australian Enterprise Agreement) that are approved by the Indonesian Government's Ministry of Manpower.

We must update and seek approval from the Ministry of Manpower for new Company Regulations every two years.

In addition, we applied the sectoral minimum wages rate for the particular Regency (or area) in which we operate, and we ensure that we pay at least equal to the sectoral minimum wages for our non-skill labour. Due to the impacts of COVID-19 in 2020, Indonesia local government advised not to increase the minimum wages in 2021. Some regions may expect a small increase in 2022 to sectoral minimum wages which will be applied to our workforce within those areas.

Our Indonesian workers also participate in production bonuses (linked to KPIs, including for safety and damage), which are over and above the basic wage. We provide health insurance for all employees and family (1 x spouse and up to 3 children).

Our Indonesian workforce standard roster is 4 weeks on 2 weeks off and a 12-hour shift. Depending on whether or not an employee lives within the local community or is a fly-in-fly-out (FIFO) worker, some roles within the local community will work 5 days on 2 days off and 8 hours per day. The same fatigue management policies and procedures apply to our Indonesian workforce.

TRAINING AND EDUCATION

In FY21, we developed a modern slavery awareness training module in English, Indonesian and Malaysian localised versions to deliver training to our existing workforce and roles relating to procurement.

The online module is included as a mandatory item in the Australian pre-employment onboarding induction program for all new employees.

Training compliance is managed by the onboarding process and each line manager is required to ensure their employees are compliant. Training compliance is also a KPI for individuals and project managers eligible for incentive programs.

The awareness module was developed with the Group Supply Manager, internal Learning and Development Group and legal stakeholders, and external media supplier.

The mandatory training includes:

- The basic principles of the *Modern Slavery Act 2018 (Cth)*
- How employees can identify and prevent modern slavery and human trafficking
- What employees can do to flag potential modern slavery and human trafficking issues to relevant parties within the Company
- What external help is available to identify and prevent modern slavery

This training on Human Rights and Modern Slavery was carried out by our Australian Employees. 61% of the Australian workforce and 100% of our Australian procurement team received training. Approximately 2,600 of our Australian workforce cumulatively completed over 450 training hours. 100% of the Indonesian workforce related to procurement completed this training module.

Assessing Effectiveness

We have set up a process to assess and measure the effectiveness of our actions to combat modern slavery through performance monitoring.

This includes:

- Regularly checking our risk assessment processes to ensure they are appropriate
- Working with suppliers to check how they are progressing any actions they have put in place
- Through our *Modern Slavery Working Group* with members drawn from our Australian and Indonesian Supply teams, Human Resources, HSEQ, Legal and Commercial teams to enable and support engagement and feedback across Macmahon
- Monitoring progress with our actions and commitments and reporting internally on risk assessment outcomes and required actions

Our performance against our actions and commitments will continue to be assessed and reported in our annual *Modern Slavery Statement*.

Our key governance principles, policies and practices are reviewed regularly and updated as appropriate to reflect changes in law and developments in corporate governance. In FY20 for example, we reviewed and adopted a new *Human Rights Policy*. Risk management policies and systems including those for supply chain risks are also reviewed annually to reflect changes in market conditions, our activities and supply chains.



Consultation with our Entities

Identification and implementation of actions to assess and manage our modern slavery risks continues to involve consultation and engagement across Macmahon including with our associated and subsidiary companies. Our *Modern Slavery Working Group* will be a key mechanism that enables and supports ongoing consultation.

Through FY21, examples of our consultation included engaging with:

- Our Investor Relations and Sustainability specialists on the interests to our investors and other stakeholders
- Our Macmahon Indonesia team regarding local suppliers and modern slavery risks (also how these risks may have changed because of the COVID-19 pandemic)

- Our Human Resources and HSEQ teams on strengthening our modern slavery *Risk Assessment Tool*

Our Executive Management Team and the Macmahon Board of Directors have been regularly briefed on modern slavery regulatory requirements, our risks and responses including this *Modern Slavery Statement*.



Our Roadmap

We have made progress on responding to the *Modern Slavery Act 2018 (Cth)* but acknowledge that this is an ongoing commitment and more action is required.

As part of our FY22 and ongoing roadmap, we will:

Risk Assessment Initiatives

- Continue to review our risk assessment process to ensure it is fit for purpose
- Follow up on any non-responding suppliers to our modern slavery SAQ
- Assess modern slavery risks of our suppliers
- Investigate supplier compliance software with specific focus on modern slavery compliance and supplier screening tools
- Continue “deep dive” into our PPE supply to assess potential risk of modern slavery
- Improve supplier response rate on the modern slavery SAQ
- Continue to hold regular *Modern Slavery Working Group* meetings and drive initiatives which strengthen our modern slavery compliance efforts
- Commence the re-qualification process of existing vendors
- Implement the supplier compliance and onboarding system
- Set corrective action approach for Chinese supply chain
- Initiate corrective action process with Australian, Malaysian and Indonesian supply chains
- Determine action plan for non responding vendors
- Review the controls and risks associated with the recruitment procedures and 482 visa holders
- Initiate “deep dives” into high risk goods and services categories to investigate potential modern slavery risks

Policy and Procedures

- Finalise the development and roll out a *Supplier Code of Conduct* which requires suppliers to uphold our commitments towards human rights and preventing modern slavery
- Finalise an agreed internal procedure for how we will respond to any modern slavery concerns or issues that might arise
- Tailor the existing supplier assessment framework to ensure appropriateness for Indonesian and Malaysian supplier base

Training and Education

- Introduce the online training module throughout our Malaysian workforce and for new procurement employees
- Investigate training opportunities for coaching our suppliers in modern slavery awareness which may form part of the corrective action process

Collaboration

- Engage our industry groups on Modern Slavery matters to drive collaboration and strengthen our approach





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