

REPORTING ENTITY

Fairbrother Pty Ltd is a Reporting Entity for the purposes of the Modern Slavery Act 2018 and this is our inaugural statement. As part of this Statement, Fairbrother reports on our action to assess and address modern slavery risks associated with our operations, including our employment practices and subcontractor management, and our plans to prevent slavery and human trafficking from taking place in our business and supply chains.

For Fairbrother, the elimination of modern slavery risks in our business operations and supply chain is a natural extension of our people-centric Values and stated organisational Purpose of enabling people to achieve to their highest potential. All Fairbrother employees must comply with our required standards of workplace behaviour as contained in our employee handbook and associated policy and procedure, which clearly state Fairbrother's opposition to all forms of unfair discrimination or victimisation.

We aim for high standards of governance throughout our business and good corporate citizenry is enshrined in the Guiding Principles that form the foundation of all company activities and decision-making processes. It is antithetical to Fairbrother's organisational values that our business activities could contribute to modern slavery, abuses of human rights or people exploitation of any kind.

We promote high standards of honesty and integrity within our business and workforce and have an internally publicised Whistleblowing Protection Policy with mechanisms for employees to raise any suspected concerns regarding unethical behaviour or decisions. Fairbrother is committed to fully investigating any disclosures made under this Policy and ensuring that no detrimental conduct is taken or threatened against any person so such disclosing.

STRUCTURE

Fairbrother is a privately-owned building and construction company headquartered in Devonport, Tasmania and with operational divisions in North West, North and South Tasmania and Central and South West Victoria. The company is owned by the founder, the founder's family members and share-owning key management employees.

Fairbrother owns one subsidiary entity and has established a charitable foundation that operates as a trust. The subsidiary entity, Degree C Pty Ltd, is a multi-trade contracting company headquartered in Ulverstone, Tasmania and with operational divisions in North West, North and South Tasmania.

Fairbrother's Chief Executive Officer serves as Chairman of Degree C's Board and both entities share a common Chief Financial Officer who is also a Director of Degree C. Fairbrother directly employs approximately 500 employees across all business units including the subsidiary.

OPERATIONS

Fairbrother's main operations include the construction of commercial buildings and structures, manufacture of joinery and cabinetry, client facility management and

maintenance, the employees directly employed in these activities and the supply of labour and services to our projects by subcontractors.

Fairbrother's operations also include a development division that enters into contractual arrangements for the development of commercial properties and ancillary shared business support services. Through our subsidiary we perform contracting services in the electrical, refrigeration, heating, cooling, ventilation and fabrication sectors.

SUPPLY CHAIN

Fairbrother's supply chain is complex, with multiple levels of suppliers between the source of raw materials and their use in our construction, manufacturing or contracting activities. In this context Fairbrother's supply chains may include raw materials that are sourced, manufactured, or otherwise processed overseas, their importation to Australia and subsequent sale and distribution to Fairbrother.

We predominantly operate in regional locations throughout Victoria and Tasmania and support local businesses by buying local. Our largest spend categories, include engaging subcontractors to carry out specialist work, concrete, and reinforcing steel products.

Our supply chain includes the following services and products:

- Building and construction – steel and timber materials, paint and plastering, concreting products, subcontract services, labour hire, signage, equipment, fencing and scaffolding hire
- Joinery – timber, laminate, benchtop and metalwork materials, adhesives and solvents
- Fabrication – metal products, insulation, tools, parts and equipment, labour hire, freight services, subcontract services, equipment hire, welding gases
- Contracting – tools, heating and cooling units and parts, pumps and parts, electrical supplies, subcontract services, equipment hire, parking
- Business Support – travel and accommodation, uniforms, protective clothing and equipment, training providers, insurance services, vehicles and fuel, health and first aid services, IT services and supplies, cleaning services, waste management, office and kitchen equipment and supplies

We have more than one thousand registered suppliers across products and sectors. Whenever possible Fairbrother attempts to support local suppliers and producers, which in many cases are small businesses that lack the corporate resources to readily interrogate their supply chains. We are working with these businesses to assist their transparency efforts. Our businesses are on a joint educational journey about the impact of our activities on the lives of global workers.

RISK IDENTIFICATION

For the identification of modern slavery risks in our supply chains we have relied on publicly available information including NGO reports, regulatory investigations, and industry advisory bulletins. In future years, as our processes become better established, we expect to also rely on information obtained from our grievance mechanisms and supplier engagement.

STATEMENT

MODERN SLAVERY



The identification of modern slavery risk comprised an assessment of risks associated with the source country and sector/product risk. Although our supplier relationships are almost exclusively with Australian businesses, with only minor items sourced directly from international vendors, some Australian and non-Australian sourced products may contain components that have modern slavery risk potential.

For our inaugural statement we have focused on identifying any high-risk areas that may require immediate attention and mitigation. While Fairbrother considers the risk of modern slavery on our direct business operations to be low, the following have been identified as potential risk areas:

- some protective clothing and equipment
- some electronic and computer equipment
- some metals-based operations and products including fasteners, parts, tools, fabrication materials
- some concreting products.

While temporary agency work is common in the construction industry and is an area that poses a risk for modern slavery, our workforce is predominantly employed on a direct and permanent basis. Where labour hire or casual employment is used for short-term needs, we engage reputable providers and pay in accordance with our usual enterprise agreement provisions. In this area we are assisted by the legislation that regulates the activities of labour hire providers in the Victorian state jurisdiction.

Our direct workforce predominantly consists of professionally qualified and skilled or semi-skilled employees and we consider the risk of modern slavery occurring amongst our employees to be very low. We pay and provide at least, and usually higher than, Australian minimum entitlements as detailed in our registered enterprise agreements.

RISK CONTROL

We undertake robust due diligence on all significant suppliers and subcontractors as a standard pre-contractual step and establish on-going measures to monitor, review and manage these relationships. This includes confirmation of compliance with the provisions of Australian employment legislation regarding those employees so covered, external reference checking and internal checking of end-of-project assessments against service levels, operational risk, and compliance with regulation and contractual obligations.

This information is captured and made available to all relevant personnel [project managers, estimators, site managers, project coordinators etc] in our online supplier/subcontractor database.

Fairbrother engages constructively with the important role of the Australian Building and Construction Commission in policing and supporting compliance within the Australian building and construction industry with, among other matters, correct and fair wages and entitlements and worker freedom of association. The Australian building and construction unions also play a role in this area and Fairbrother traditionally has a constructive relationship with these organisations which is based on our respect for employee rights.

EFFECTIVENESS AND REMEDIATION

As Fairbrother is at an early stage of investigating potential risk sources in our supply chains our processes for remediation and assessing the effectiveness of our actions remain under development, however the following are identified action points:

1. Inclusion of ethical and human rights criteria in current procurement guidelines and contractual standards to communicate and reinforce our expectations to suppliers.
2. Adapt current well-developed internal audit processes to capture and report on ethical non-conformances. Normalise this as part of the NCR process.
3. Modern slavery education of key company positions involved in procurement decisions. Over time this may expand to a general organisational educational programme.
4. Internal reaffirmation of existing company grievance and whistleblowing procedures to encourage their use in the event of any suspected abuses.
5. Partner with industry bodies such as Master Builders Australia for a joint approach to common building and construction industry suppliers and modern slavery issues.
6. Research ways in which Fairbrother may best directly assist identified victims of modern slavery. To a large extent actual remediation measures will be based on the individual circumstances, however research will prepare Fairbrother for when/if such circumstances arise.
7. Determine meaningful measures to track progress on modern slavery initiatives over time.

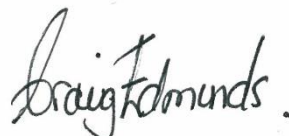
CONSULTATION WITH RELATED ENTITIES

Effective consultation on modern slavery legislation and organisational requirements was achieved with Fairbrother's owned/controlled entities through:

- the presence of Fairbrother's Chief Executive Officer and Chief Financial Officer on the governing bodies
- reporting from a shared business support team to the governing bodies
- input solicited from all senior management positions
- a common governance framework.

This consultation will continue as Fairbrother further develops our response to modern slavery risks.

This Statement has been endorsed by Fairbrother's Board of Directors.



Craig Edmunds
Chief Executive Officer
25 February 2021