

2021

ASDAM GROUP MODERN SLAVERY STATEMENT

MARCH 2021

ASDAM HOLDINGS PTY LTD
153 KEYS ROAD
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Introduction

ASDAM Holdings Pty Ltd (ACN 631 990 086) ('**ASDAM**') has prepared this Modern Slavery Statement ('the **Statement**') in accordance with the requirements of the Australian Modern Slavery Act 2018 ('the **Act**'). The Statement provides an overview of potential modern slavery risks in the organisation's operations and supply chain, as well as actions taken by ASDAM to manage those risks for the year ending 30 June 2020 ('the **Reporting Period**').

For the purposes of this Statement, ASDAM will be using the definition of modern slavery as described in the Act, which includes the following types of human exploitation:

- *trafficking in persons;*
- *slavery;*
- *servitude;*
- *forced marriage;*
- *forced labour;*
- *debt bondage;*
- *deceptive recruiting for labour or services; and*
- *the worst forms of child labour.*

Reporting entity

This is a joint Statement on behalf of ASDAM and its two wholly-owned operating entities: Marand Precision Engineering Pty Ltd (ACN 004 763 688) (**Marand**) and Levett Engineering Pty Ltd (ACN 065 311 506) (**Levett**).

Both ASDAM and Marand are considered to be reporting entities as per the Act's definition and are therefore required to prepare a modern slavery statement.

While Levett is also an Australian-based company within the ASDAM group, it did not meet the revenue threshold during the reporting period. However, it is included within the scope of this modern slavery statement on the basis that it operates under a common board and management structure that also covers ASDAM and Marand.

ASDAM has a centralised team of core management executives and a Board of Directors that oversees both operational entities of the group.

Section two of this Statement provides a more detailed overview of ASDAM's corporate structure.

Our structure, operations & supply chain

Structure

ASDAM is the ultimate controlling entity but is a holding company only and does not have any of its own operations. Therefore, this Statement is focused on the operations and supply chains of the operating entities (Marand and Levett), including an overview of potential modern slavery risks and the efforts to identify and mitigate any such risks.

In addition to Marand and Levett, ASDAM is the controlling entity of the following wholly-owned, non-operating subsidiaries:

- *ASDAM Finance Pty Ltd (ACN 631 992 786);*
- *ASDAM Operations Pty Ltd (ACN 631 993 710); and*
- *Marand Holdings Pty Ltd (ACN 622 319 019).*

Marand is also the controlling entity of Atlas Rail (UK) Ltd, a rail engineering and services company with operations in the United Kingdom. Atlas Rail's operations are also overseen by the same centralised ASDAM team of core management executives and Board of Directors. Note that Atlas Rail is not itself a reporting entity, as it is not an Australian entity or a foreign entity carrying on business in Australia.

Overview of operations

Marand and Levett are Australian-based companies that employ approximately 290 and 70 people, respectively. Atlas Rail Ltd is the only entity with operations outside Australia and its UK-based employees include contractors employed to perform the service work in the United Kingdom.

Marand

Marand is an engineering, manufacturing, and sustainment business, that designs and manufactures jigs, fixtures, special purpose equipment, machine tools, ground support equipment, and machines and assembles aerostructures. This work supports customers in a range of industries including defence, aerospace, rail, mining, energy, and automotive sectors.

Marand operates under the following two divisions:

- Marand Defence Partnerships, which services prime contractors in the defence industry; and
- Marand Precision Engineering, which encompasses all aspects of Marand's business outside of defence.

Key product offerings of Marand Defence include the manufacturing and assembly of aircraft vertical tails, F-35 engine trailers and cure, trim and assembly tooling that is used in the production and assembly process of F-35 fighter jets.

Marand Engineering Services encompasses all aspects of Marand's business outside of the defence industry. Historically, the business has comprised of the following four sub-divisions:

- Automation: Designs, manufactures and sustains automated solutions such as automated production lines or automated maintenance facilities.
- Aerospace: Provides tooling services and engineered products to the aerospace industry.
- Atlas Rail: Manufactures a range of rail equipment such as wheel lathes, wheel presses, car handling systems and wagon lifting jacks.

Marand currently operates out of two facilities, both located in Victoria, Australia. The entity's head office and primary operating facilities are located in Moorabbin, with a secondary operating facility located Geelong, Victoria. facility in Victoria. The primary facility capabilities include engineering, machining, welding, assembly, inspection, and commissioning while the secondary facility capabilities include machining and welding.

Levett

Levett is a leading Australian supplier of precision components and assemblies for the defence and commercial aerospace industries. Levett specialises in recurring small to medium-size machined parts, and small assembled or vacuum brazed parts.

The business currently operates from a facility located in Elizabeth South, South Australia. Manufacturing capabilities include machining, assembly, and inspection services for a range of complex titanium, aluminium, or alloy components.

Supply chain overview

Levett and Marand utilise separate sets of suppliers to support their operations. Both entities engage suppliers from various industries that offer products and services that enable Levett and Marand's manufacturing of core products (for example, suppliers of steel, aluminium and electrical components or equipment) and office operations (this would include, for example, suppliers of office services and supplies, real estate services and insurance brokers). The following section provides a more detailed overview of each entity's supply chain.

Marand

Marand has a direct (or tier 1) supply chain of close to 1,000 suppliers, the majority of which are Australian-based companies. However, a number of Marand's suppliers are overseas-based companies including suppliers from the following regions:

- Southeast Asia;
- North America; and
- Throughout Europe.

The vast majority of Marand's tier 1 suppliers include companies that provide one-off services and products to Marand on a transactional, ad hoc basis. However, Marand does rely on a handful of key suppliers to provide the company with the raw materials and services that are critical to the company's ongoing operations.

Examples of key supplier types that are critical to Marand's operations include:

Raw material suppliers (typically steel and aluminium), which are considered critical to the company's operations;

- Special process suppliers that offer key services such as painting and chemical processing;
- Suppliers of bespoke and commercial goods;
- Construction or civil engineering services;
- Sub-contract manufacturing;
- Equipment hire; and
- Utilities.

In some instances, Marand's sourcing of materials and services is limited to suppliers who have specific quality and ethical sourcing requirements in place, from a pre-approved list provided by its customers (such as in the defence space).

Marand's ability to significantly influence the practices of its suppliers is relatively low, however the company does enter into written, long term agreements with some of its key suppliers.

An initial screening of all suppliers takes place prior to their onboarding, however at this point, checks do not include bespoke human rights or modern slavery screenings.

Levett

Levett's has a direct supply chain of about 250 suppliers that includes both international and Australian-based companies. Although the vast majority of Levett's suppliers are Australian entities, international suppliers include companies from the following regions:

- North America;
- Middle East;
- Central Europe;
- Southeast Asia; and
- Western Europe.

Similar to Marand, Levett's major clients may request that the company sources key materials from a list of pre-approved suppliers.

Levett has established long term relationships with suppliers of raw materials and hardware, particularly for products that are considered critical to the company's operations. Each of those suppliers have been screened for quality and ethical practices by Levett's quality and accounts teams and hold relevant accreditations such as AS9100, ISO9001 and AS9120.

During the process of onboarding new suppliers, where a supplier does not hold any of the aforementioned sought after accreditations, Levett will request that the supplier respond to a tailored

questionnaire. This questionnaire focuses on key quality and compliance areas such as whether suppliers undertake the necessary reviews to ensure compliance with legal requirements, as well as the existence of key written policies in place and processes to implement them such as:

- Code of Conduct or Responsible Trading Policy;
- Bribery and Anti Corruption;
- Provision of gifts & hospitality to government officials or government employees;
- Hiring of current or former government officials or government employees; and
- Human trafficking.

Supplier audits are undertaken to ensure quality is maintained based on Levett's audit procedures manual, which ensures that the quality team applies a consistent approach in its supplier assessments and audits.

In addition, all suppliers engaged by Levett are subject to the company's Terms and Conditions. Levett expects all its suppliers to embrace ethical values and legal compliance practices (including a method for reporting possible violations). As such, the company has embedded Inducements & Ethics clauses in its trading Terms & Conditions.

Modern slavery risks in our operations and supply chain

Operations

Marand's workforce comprises mostly permanent, Australian-based employees. During the reporting period, Marand engaged a small number of agency workers (on average, 4% of workforce). Agency workers include finance contractors and trade apprentices who perform the practical component of their apprenticeship with Marand. The finance contractors have subsequently been offered permanent roles within the organisation.

Similar to Marand, Levett's workforce consists largely of permanent, Australian-based employees. The company does not engage any temporary or agency workers. A small number of the permanent employees do have Australian work visas as a condition of their employment, but are otherwise treated identically to all other staff, with regards to policies, procedures, benefits and remuneration.

Groups such as international migrant workers, agency workers and base-skilled workers may be more vulnerable to modern slavery risk. However, both Marand and Levett have robust policies in place to manage potential harassment, ethics and human rights violations in their operations, in order to safeguard their workers' rights. These policies and procedures are highlighted in the section titled Assessing and addressing modern slavery risks of this Statement.

Supply chain

As indicated in section two of this Statement, ASDAM'S two operational entities engaged approximately 1,250 direct suppliers in their operations during the reporting period.

A high level risk assessment of Marand's and Levett's direct suppliers was undertaken as part of the preparation of this statement, based on geographic location and type of good or service provided.

The country-based modern slavery risk is based on the Global Slavery Index and is influenced by the following factors:

- Governance issues;
- Lack of basic needs;
- Inequality;
- Disenfranchised groups; and
- Effects of conflict.

Procurement categories were assigned to each supplier, based on the goods or services provided, and were then screened for five social risk categories:

- Labour rights & decent work;
- Health & safety;
- Human rights;
- Governance; and

- Community infrastructure.

Although the majority of the suppliers are Australian companies, a number of suppliers are located in countries where modern slavery risks are more prevalent, with the countries assessed as highest risk being China and India.

The procurement category risk assessment indicated that Marand and Levett engaged with suppliers from the following higher risk categories during the reporting period:

- Electrical components & equipment
- Steel
- Aluminium
- Office services & supplies
- Human resource & employment services
- Food retail

While we understand suppliers located in Australia are generally regarded as lower risk, due to the robust laws and regulations in place, these suppliers have complex supply chains spread across a number of geographies. As such, it is expected that elevated modern slavery risk likely exists beyond our direct supply chain (Tier 2 and beyond).

Assessing and addressing modern slavery risks

There were no known reported incidents in Marand or Levett's operations or supply chain relating to human rights violations brought to management's attention during the reporting period.

In an event of any known violations at Marand and/or Levett, a member of the senior management team will be made aware of the violation, and where required, the CEO will also be made aware. Appropriate corrective action will be taken to remediate and resolve the matter.

Marand and Levett have policies and procedures in place as part of their commitment to providing a safe and respectful working environment for everyone.

At Marand, these policies include:

- A **Whistleblower Policy**, which outlines Marand's commitment to operate to the highest standards of conduct in its business activities, and the reporting of behaviours that fail to meet this standard. This is to ensure that at Marand, everyone contributes to their culture of accountability and risk management. The Whistleblower Policy is open to external parties, including suppliers and their employees, and is publicly available on the company's website.
- A **Discrimination, Harassment and Bullying Policy**, to reinforce Marand's commitment to providing a safe and respectful working environment, one that is productive and harmonious for all workplace participants. It provides a clear understanding of Marand's expectations of appropriate standards of conduct and breaches and complaint handling.
- A **Business Ethics and Conduct Policy** including the Code of Conduct for all Marand's employees, to manage and operate business activities in alignment with applicable laws and high ethical standards to uphold Marand's values of integrity and fairness.
- An **Occupational Health and Safety Policy**, which sets the framework of Marand's key values in pursuit of protecting the health and safety of employees and the public, as well as the provision of products and services that are healthy and safe for Marand's customers.
- An **Environmental Policy** that details Marand's commitment to conducting business affairs with high standards of integrity and concern for the environment. All employees at Marand are expected to abide by the requirements of the environmental management system and work to minimise environmental impacts.

Levett maintains an ethics and compliance program that includes a written code of conduct, training and awareness for all employees. Levett has adopted the following policies that underpin its operations, which are communicated with employees through internal channels and monthly update meetings:

- A **Human Resources Policy and Procedure Manual** inclusive of workplace conduct, workforce management, and workplace health and safety policies, which all employees are required to familiarise themselves with as a term of employment with Levett.

- The Human Resources Policy and Procedure Manual also includes a **Human Slavery and Trafficking Policy**, which applies to all Levett employees and contractors. The aim of this policy is to ensure all employees and contractors at Levett have a clear understanding of human slavery and trafficking activities.
- Levett's **Equal Opportunity Policy** outlines the mechanisms in place to enable victims of alleged discrimination to report inappropriate activities. For any reported incidents where investigative procedures are considered necessary, the policy outlines the relevant procedures that ought to take place. Once an investigation has been completed all parties will be informed of any action that has been decided upon, and the reasoning for that decision. If the employee who lodged the complaint is unhappy with the decision, they will be notified of their right to refer the matter to an external authority (i.e. the Equal Opportunity Commission or The Australian Human Rights Commission). A more detailed Grievance Policy that sets out the processes for handling of work-related grievances at Levett is also included in the Human Resources Policy and Procedure Manual.
- A **Health and Safety Policy** in place, which recognises Levett's moral and legal responsibilities to provide a safe work environment, which extends to ensuring Levett's operations do not place the local community or environment at risk of injury, illness or damage.
- An **Environmental Policy** detailing Levett's commitment to manage all aspects of operations in an environmentally responsible manner at all times.
- A **Business Ethics and Conduct Policy** that includes Levett's Code of Ethics, a supplement to existing policies and procedures at Levett to uphold the responsibilities to operate to the highest standards of conduct and personal integrity, and continual adherence to all applicable laws and regulations.

The policies and processes currently in place across both Marand and Levett have helped to give comfort that human capital and human rights issues have been effectively managed and addressed. However, we recognise that it is important to continually improve our processes and controls to ensure modern slavery risk is adequately managed. Moving forward, ASDAM and its operating entities will leverage and enhance these controls to ensure that human rights and modern slavery risks are appropriately identified, managed and remediated when required.

Assessing effectiveness

ASDAM and its operating entities, Marand and Levett, are in the process of determining appropriate initiatives to manage the potential risks of modern slavery in their operations and supply chain. These will be determined as part of a broader action plan, which will also include monitoring and reporting processes to track the progress of these initiatives.

The intention of this action plan will be to help ASDAM gain a better understanding of potential risks and options for the company to effectively manage those risks within both operating entities and as a group.

Consultation process

As mentioned in the Reporting entity section, ASDAM has a centralised team of core management executives and a Board of Directors that oversees both operational entities of the group: Marand and Levett.

Members of the core management team, as well as executives from both Marand and Levett were involved throughout the Statement development process.

An internal team made up of members from ASDAM, Marand and Levett was tasked with preparing the Statement. It was then reviewed and approved by Marand and Levett executives, as well as ASDAM's centralised team of core management executives.

The core management executives and key executives from both Marand and Levett were also provided with a training session to ensure their understanding of modern slavery legislation in Australia and ASDAM's reporting requirements.

The Statement was then reviewed and approved by the ASDAM Board of Directors, which oversees the operations of all subsidiaries that form part of the ASDAM group.

Other information

COVID-19 impacts

Both Marand and Levett operate in the defence industry which is considered an essential service by the Australian Federal and State governments. As a result, neither Marand nor Levett experienced any significant interruptions in their operations during the reporting period relating to the COVID-19 outbreak.

Some supplier shipping times were delayed as a result of the pandemic, but no other significant disturbances were noted by our suppliers.

Finally, due to the travel restriction imposed by the local and federal Government in Australia, Levett was unable to perform any interstate supplier site visits as part of its audit program, described in section 2 of this Statement. While the site visits were suspended, suppliers did continue to be screened for quality performance, in line with the Levett audit procedures manual.

Action plan

ASDAM is developing an action plan that will allow the company to establish a robust approach in assessing and managing any potential modern slavery risks. As part of this plan, ASDAM is looking to gain a better understanding of the actions required in order to appropriately respond to any modern slavery issues. This could include, but may not be limited to, the development or enhancement of relevant policies, offering employee training, expanding our risk assessment and ongoing due diligence processes and examining appropriate remediation and reporting processes, as needed.

At a minimum, ASDAM will be completing an initial risk assessment of its tier 1 suppliers in order to identify suppliers operating in high risk regions and industries. The outcomes of this assessment are expected to help inform ASDAM's approach to modern slavery going forward.


Sign off

This Statement has been prepared by ASDAM's management team in collaboration with Marand and Levett executives.

The Statement has been approved by the ASDAM Board of Directors.



Rohan Stocker
Chief Executive Officer & Director



Graham Brooke
Director