

**MCCONNELL  
DOWELL**

CREATIVE CONSTRUCTION™

# Modern Slavery Statement

Reporting Period: Financial Year 2022-2023



# Introduction

**Modern Slavery is a serious violation of a person's basic human rights estimated to affect over 40 million people globally.**

It involves using coercion, threats or deception to exploit a worker for commercial gain - undermining their freedom. Modern Slavery includes the following types of serious exploitation: trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting and child labour.

The construction sector faces an elevated risk of Modern Slavery within its operation and supply chain as a result of intersecting structural and contextual risk factors. It is estimated that 16% of adults (or 2.8 million people) experiencing forced labour worldwide work in the construction services sector<sup>1</sup>.

McConnell Dowell recognises that we are exposed to potential Modern Slavery risks within our operations and supply chain, and we are committed to identifying, preventing, mitigating and remediating those risks, consistent with:

- Our purpose of providing a better life
- The guiding principles of the United Nations Global Compact
- The United Nations Sustainable Development Goals

This statement is made pursuant to the Commonwealth Modern Slavery Act (2018) (the Act) for the year ended 30 June 2022 (Reporting Period) and was approved by the board of directors of Aveng Australia Holdings Pty Ltd for and on behalf of the Reporting Entities and the board of directors of McConnell Dowell Corporation Ltd on 9<sup>th</sup> November 2023.

This statement relates to the following entities in the McConnell Dowell Group:

- McConnell Dowell Corporation Ltd
- McConnell Dowell Holdings Pty Ltd
- McConnell Dowell Constructors (Aust) Pty Ltd
- Built Environs Pty Ltd

and the ultimate Australian parent company of McConnell Dowell (Aveng Australia Holdings Pty Ltd), which each carried on business in Australia with a consolidated revenue in excess of \$100 million in the financial year, and their owned or controlled entities.

<sup>1</sup>International Labour Organization, Walk Free and International Organization for Migration, (2022) [Global Estimates of Modern Slavery, Forced Labour and Forced Marriage](#)



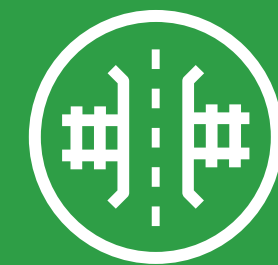


# Our structure, operations & supply chains

McConnell Dowell operates a construction and engineering business which is organisationally structured to deliver projects through four (4) business units:

Australia, New Zealand & Pacific Islands, South East Asia and our building business - Built Environs.

McConnell Dowell provides engineering and construction solutions for customers in the following sectors:



## Building

Construction of commercial buildings.



## Energy

Construction of civil, electrical, mechanical, pipelines and tunnelling works to enable sustainable and efficient power infrastructure.



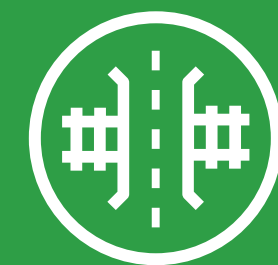
## Ports & Coastal

Construction of ports, wharves, jetties, passenger terminals, marinas and defence marine facilities.



## Resources

Construction of mining and metals and oil and gas assets.



## Transport

Construction of rail, road and airport infrastructure



## Water & Wastewater

Construction of intakes, pipelines, outfalls, treatment plants, dams and storage.

# Our structure, operations & supply chains

continued.

McConnell Dowell delivers projects for its clients either in its own right or as a participant in a joint venture. The joint ventures that McConnell Dowell participates in are typically unincorporated joint ventures. McConnell Dowell's interest in these joint ventures can range from 20-80%, but is most commonly 50%, and our joint venture partners typically operate in similar industries and regions to McConnell Dowell.

We rely on a large and highly diverse workforce in order to conduct these operations successfully, ranging from executives and engineers to professional and administrative support staff and trades and labourers.

As at the end of the reporting period, we had 3150 employees. Table 1 outlines the number of employees by location. While the majority of employees are located in Australia and New Zealand, there are also employees located throughout South East Asia which is classified as a higher risk geography by the Global Slavery Index.

Our operations also include a proportion of indirect workers who deliver services under contracts that McConnell Dowell has with specialist providers. These indirect workers include contractors and outsourced labour hire resources that support our business activities.

During the reporting period, we spent approximately \$82 million AUD on third party labour hire with over 90% of our total spend in Australia and New Zealand. Table 2 outlines labour hire spend by country of operation.

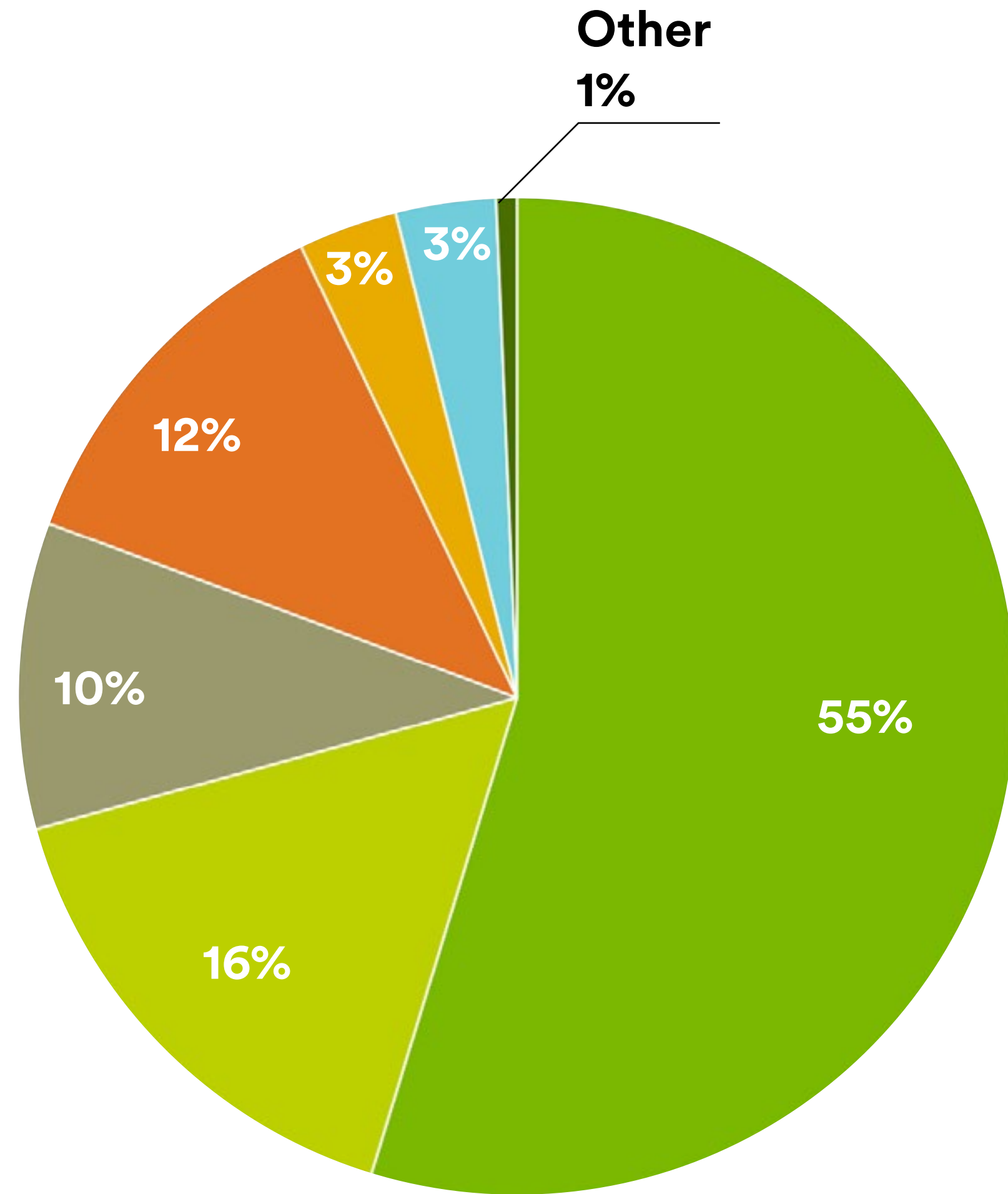
As at the end of the reporting period, we procured approximately \$1.773 billion AUD of materials, goods and services from 8700 suppliers of goods and services. Table 3 outlines the vendor spend by categories. Table 4 outlines the vendor spend by country of incorporation. Of the total spend on goods and services, approximately 83% was spent on procuring goods and services from suppliers and providers located in Australia and New Zealand. Importantly, our analysis categorises country of incorporation based on the contract between McConnell Dowell entities and the supplier. It does not consider country of origin for materials, goods or services with the supplier's own supply chain.

For example, expenditure on procurement of windows sourced from a supplier incorporated in New Zealand are counted as New Zealand spend, regardless of whether the glass in the window was procured by the supplier from Malaysia and the aluminium from China. As with other reporting entities, we are currently working with our suppliers to consider ways of creating more transparency of country of origin of materials used in our supply chain.



Table 1

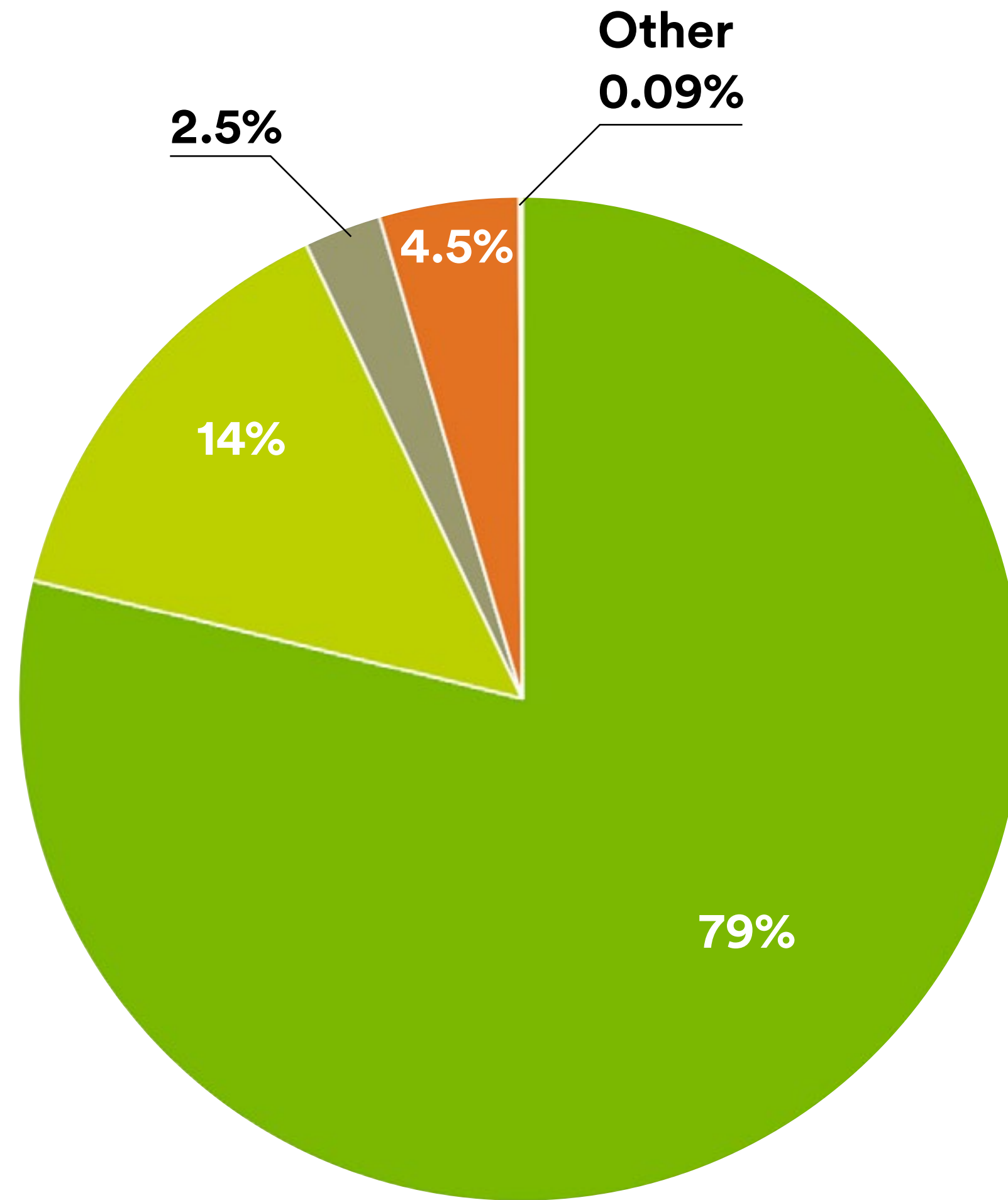
# Employees by Location



1724	Australia
505	New Zealand
312	Singapore
385	Philippines
101	Indonesia
102	Tonga
21	Other countries of operation

Table 2

# Labour Hire by Location

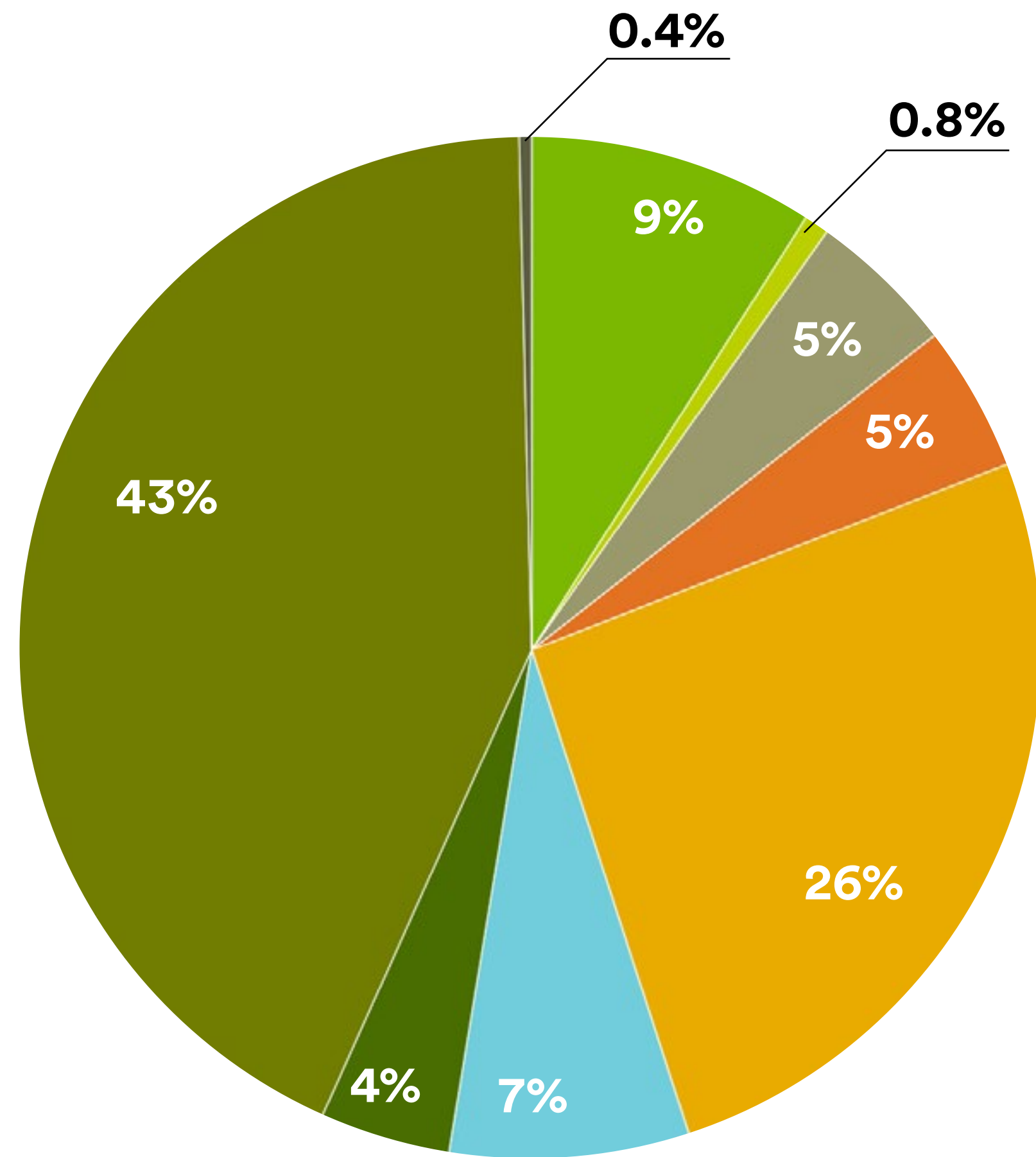


	\$64,548,572	Australia
	\$11,609,122	New Zealand
	\$3,689,427	Singapore
	\$2,031,245	Philippines
	\$72,275	Other countries of operation

All figures in AUD

Table 3

# Vendor Spend by Category

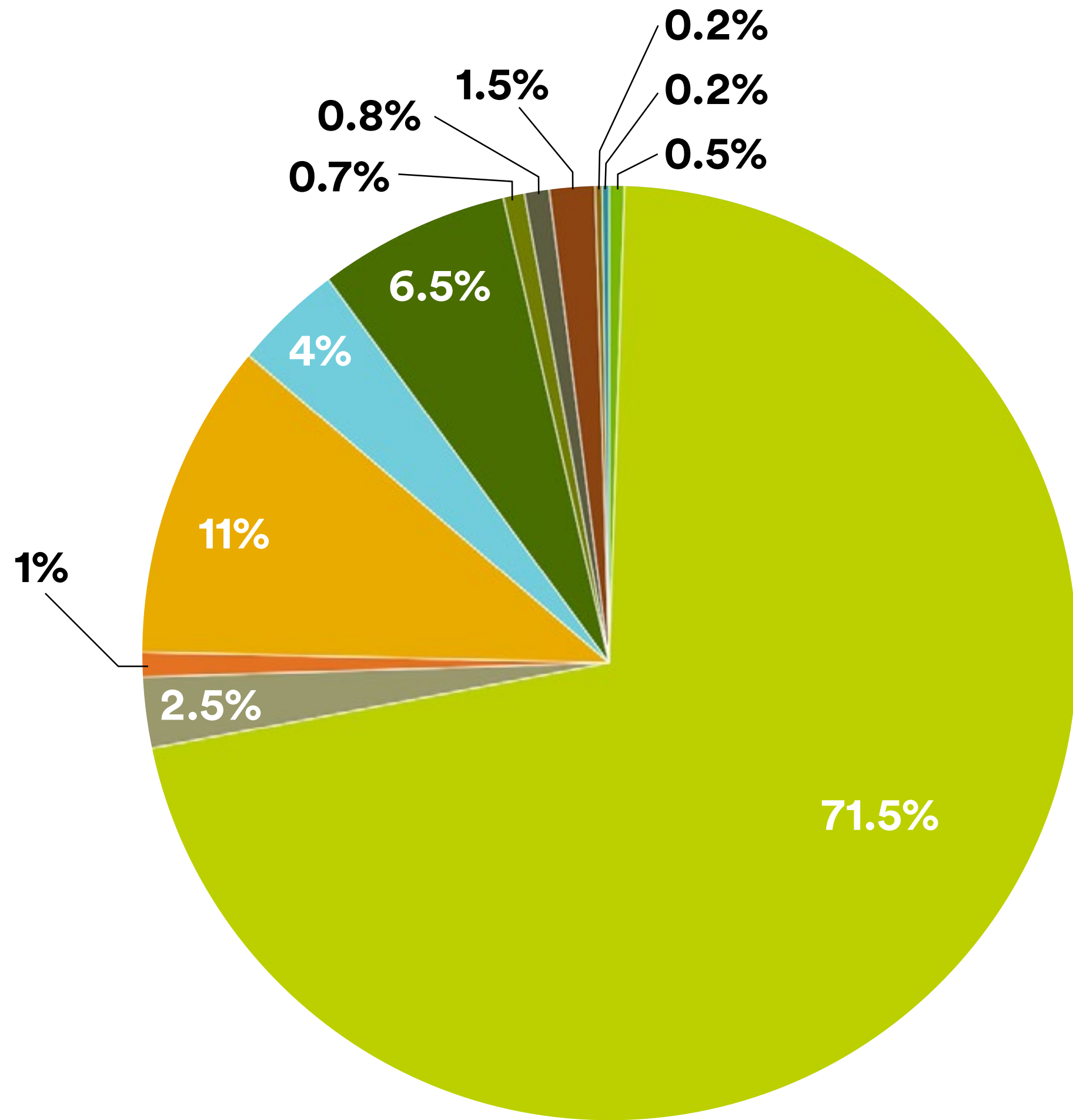


\$760,419,544	Subcontractors
\$459,567,154	Materials
\$159,624,857	Consultants
\$134,863,061	Plant Hire
\$82,701,765	Corporate
\$63,850,637	Labour Hire
\$44,974,266	Shipping
\$9,068,225	Consumables
\$4,157,552	Legal

All figures in AUD

Table 4

# Vendor Spend by Country of Incorporation



\$1,268,431,982	Australia	\$12,725,505	Thailand
\$192,809,668	New Zealand	\$9,172,449	America Samoa
\$140,180,438	Singapore	\$4,143,191	Hong Kong
\$65,621,198	Philippines	\$4,098,438	Other countries
\$43,611,324	China		
\$15,641,452	Amsterdam		
\$15,074,418	Indonesia		
\$14,857,444	Netherlands		

All figures in AUD



# Risks of modern slavery in our operations and supply chains

McConnell Dowell recognises that that the construction sector faces an elevated risk of modern slavery within its operation and supply chain as a result of intersecting structural and contextual risk factors, including:

Relatively limited transparency across long and complex procurement and supply chains

- high demand for low skilled labour force
- suppliers operating in high risk geographies
- business model reliance on sub-contracting
- contractual terms predicated on low margins
- significant pressure on delivery times.

McConnell Dowell also understands that our business activities, could cause, contribute or be directly linked to Modern Slavery. We have considered how this continuum may be applied across our operations and supply chains:

**Cause:** Businesses may be involved in Modern Slavery where their actions or omissions directly result in Modern Slavery occurring. For example, McConnell Dowell could cause Modern Slavery if it subjected employees to serious exploitation, such as debt bondage or forced labour.

**Contribute:** Businesses may contribute to Modern Slavery where their actions or omissions significantly facilitate or incentivise Modern Slavery to the extent that the exploitation would have been unlikely to occur without them. For example, McConnell Dowell may contribute to Modern Slavery by requiring contractors providing services to it to reduce costs to a level that could only be sustained by using exploited workers.

**Directly Linked:** Businesses may be directly linked to Modern Slavery where their products, services or operations are directly linked to harm carried about by a third party, such as a supplier. For example, McConnell Dowell may be directly linked to Modern Slavery through the procurement of personal productive equipment manufactured by a supplier using materials produced using forced labour.



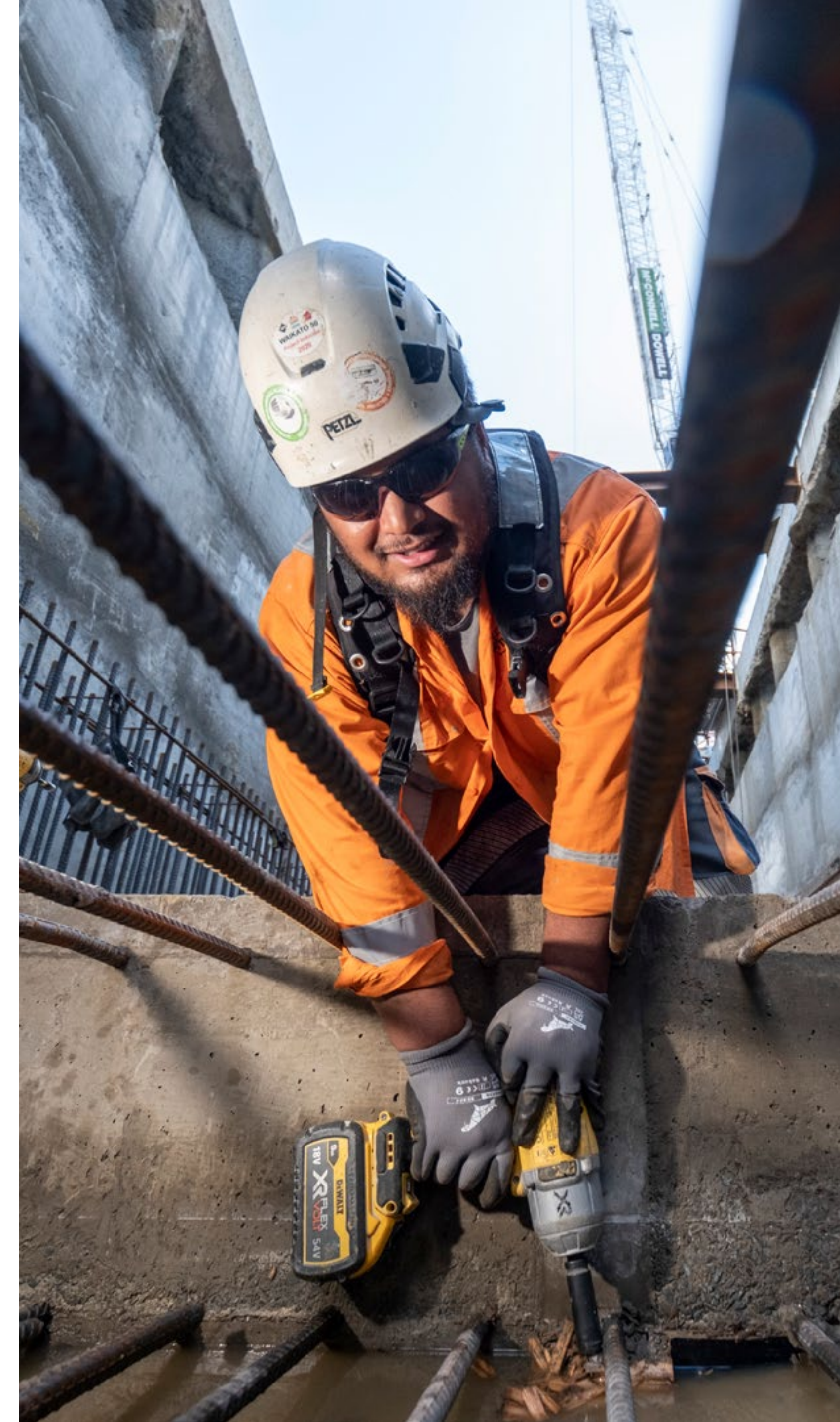
# Risks of modern slavery in our operations and supply chains cont.

**McConnell Dowell considers that our direct workforce involves a negligible risk of Modern Slavery, which is effectively mitigated by our existing processes and controls.**

Our Group Code of Conduct sets out our commitment to respecting human rights wherever we operate, in accordance with applicable laws and consistent with the labour UN Guiding Principles on Business and Human Rights. These principles relevantly extend to the right to freedom of association, the prevention of workplace discrimination and harassment and the prohibition of Modern Slavery.

We promote fair recruitment and employment practices and ensure that our employees are paid in accordance with legal requirements, have contracts of employment and can leave their employment at any time, subject to notice periods. We also provide our employees with access to both internal and external mechanisms to report improper, unethical or illegal conduct, including concerns relating to Modern Slavery.

While we have assessed the risk of Modern Slavery involving our direct employees as negligible, we recognise that contracted or contingent workers, including those provided by third party labour hire and in certain geographic locations may be more vulnerable to Modern Slavery, including where these workers are lower-skilled and/or temporary or migrant workers.



# Risks of modern slavery in our operations and supply chains cont.

**We also recognise that the risk of Modern Slavery occurring is greater across our supply chain, where we do not have direct control over the terms and conditions of employment of a third party workforce.**

Having regard to the countries and sectors from which we procure goods and services, we assess that our supply chain risk of Modern Slavery is through:

- the procurement of subcontractors that provide labour on projects or for international projects in higher risk locations;
- construction materials, particularly when they are selected by our subcontractors;
- onsite accommodation and catering provided by McConnell Dowell for projects in remote or international locations;
- telecommunications and IT hardware;
- cleaning;
- security; and
- personal protective equipment (PPE).

In the reporting period we worked with over 8700 suppliers who provided goods and services across a range of categories to support our operations. Our spend across these suppliers was highly concentrated, with 40% of our total spend during this period occurring with our top 100 suppliers and 65% of our spend with our top 500 suppliers.

This concentration of spend with a smaller number of suppliers supports us to build strong, long-term relationships, which assists us to better understand a range of risks associated with our supply chain. These relationships also increase certainty and efficiency for our direct suppliers and, in turn, increases stability for their workers. Notwithstanding this, we remain mindful that our direct suppliers often have many suppliers of their own, who then also rely on their suppliers, meaning our overall supply chain footprint is large and complex.



# Actions taken to address the risk of modern slavery in our business

Our cross-functional Modern Slavery working group remains responsible for setting KPIs shaped by an assessment and prioritisation of our Modern Slavery risks.

During the reporting McConnell Dowell:

- developed a Modern Slavery Response and Remedy Framework
- published a Guide to the McConnell Dowell Code of Business Code and refreshed our Business Code of Conduct training, including in relation to Modern Slavery
- drafted the McConnell Dowell Vendor Code of Conduct
- took steps to incorporate clauses expressly prohibiting modern slavery in our supply chain agreements.

Each of these are detailed on the following pages





# Actions taken to address the risk of modern slavery in our business cont.

## Modern Slavery Response and Remedy Framework

During the reporting period we designed a Six Step Modern Slavery Response and Remedy Framework to provide guidance and practical steps for responding to actual or potential instances of modern slavery that we may have caused, contributed to or are directly linked to.

### 1 Investigate and Verify

McConnell Dowell may receive reports of actual or potential modern slavery through various channels, including directly from employees through an established grievance mechanism, internally by a procurement team member conducting due diligence, or from a third party such as a contractor, trade union representative or member of the community.

Step One (Investigate and Verify) is designed to facilitate a clear understanding of:

- who the complainants are
- what human rights have been violated or are at risk of being violated
- whether a criminal offence has been committed
- how McConnell Dowell is connected to the violation or offence, and
- whether the violation or offence is salient.

### 2 Remediate Harm to Workers

Step Two (Remediate Harm to Workers) provides guidance on framing an appropriate response and remedy to address modern slavery harm. Remedy may involve a range of actions, such as facilitating access to health, legal or psychosocial services, repatriation, financial compensation and taking actions to prevent future harms.

It is important to note that remediating modern slavery harm is context specific and an appropriate response will depend on the circumstances of each case, and in particular how McConnell Dowell is involved in the harm – that is whether we have caused, contributed to or are directly linked to the harm.

## Actions taken to address the risk of modern slavery in our business cont.

### 3 Mitigate & Prevent Future Harm

Part of providing an effective remedy includes correcting the cause of harm and preventing the harm from reoccurring.

Step Three (Mitigate and Prevent Future Harm) provides steps to address the cause of the harm and mitigate and prevent future harm, which may include one or more of the following:

- developing a corrective action plan with clear timelines and priority actions for development
- leveraging relationships and influence with third parties
- reviewing whether existing grievance mechanisms are effective and will enable the identification of future harm
- assessing whether policies, operating standards and procedures require amendments, and
- sharing learning to develop capacity.

### 4 Escalation

Where a third party has caused or contributed to the modern slavery harm, but is uncooperative and makes little or no effort towards remediating harm, Step 4 (Escalation) provides escalation steps, which may include one or more of the following:

- arranging a meeting with senior members of the third party organisation
- issuing a written warning or contractual breach notification
- working towards a responsible exit strategy, and
- considering alerting law enforcement.





## Actions taken to address the risk of modern slavery in our business cont.

### 5 Incident Reporting & Tracking

Step 5 (Incident Reporting and Tracking) requires all reports of actual or potential modern slavery harm to be recorded in the McConnell Dowell incident management system (CMO) including details of:

- detail and verification of the grievance
- outcome of investigation and monitoring of response
- whether McConnell Dowell has assessed that it caused, contributed to or was directly linked to the incident
- actions that were taken to support the workers that were harmed.
- remedy provided, and any ongoing work to provide remedy, including timeframes and deadlines
- feedback received from harmed workers
- contact details of key stakeholders and record of key communications, and
- any changes that were implemented internally to prevent similar harm from reoccurring

### 6 Review

Step Six (Review) is the final step of the Modern Slavery Response and Remedy Framework. This step requires a review of the remedy provided and includes:

- monitoring the workers that were harmed where appropriate
- capturing lessons learned and opportunities for continuous improvement, and
- sharing learnings and providing feedback on the remediation process.

## Actions taken to address the risk of modern slavery in our business cont.

### Guide to the McConnell Dowell Code of Business Conduct

McConnell Dowell is committed to ensuring that our employees behave and make decisions that are true to our values and consistent with our legal and ethical obligations. During the reporting period, we published a Guide to the McConnell Dowell Code of Business Conduct to operationalise and ensure relevancy of the Code of Business Conduct, including in relation to Modern Slavery.

During the reporting period we also designed and facilitated new training on the McConnell Dowell Code of Business Conduct, incorporating salient human rights issue, including Modern Slavery. Over 90% of staff completed the training during the reporting period.

### Vendor Code of Conduct

While our suppliers and subcontractors are independent entities, McConnell Dowell realises that their business practises may impact on our reputation. For this reason, during the reporting period we commenced drafting the McConnell Dowell Vendor Code of Conduct which will require our vendors to comply with recognised social, environmental and ethical responsibilities, including in relation to Modern Slavery and human rights.

We aim to publish the Code in the next reporting period.

### Contractual Arrangements

During the reporting period we took steps to embed the following clause into all our procurement contracts:

*The Supplier must take reasonable steps to identify, assess and address risks of Modern Slavery practices in the operations and supply chains used in the provision of the Goods and/or Services. If at any time the Supplier becomes aware of Modern Slavery practices in the operations and supply chains used in the performance of the Contract, the Supplier must as soon as reasonably practicable take all reasonable action to address or remove these practices, including where relevant by addressing any practices of other entities in its supply chains.*

The model clause aims to ensure that our suppliers respond to modern slavery risks and support our efforts to address Modern Slavery in our own supply chain.





# Assessing the effectiveness of the actions taken

McConnell Dowell recognises that it is not possible to assess the effectiveness of each of the above actions on an “action by action” basis. Instead, we see the core components of an effective response to Modern Slavery as including:

- Robust standards that set clear expectations for workers in our operations and supply chains and are meaningfully communicated to workers, suppliers and other stakeholders;
- Meaningful risk assessments and broader due diligence processes that enable the accurate and timely identification and prevention or mitigation of potential Modern Slavery risks; and
- Trusted and accessible grievance mechanisms to facilitate the reporting and remediation of Modern Slavery related complaints.

During the reporting period, we worked to monitor and assess the effectiveness of our actions by:

- Regularly reviewing our progress against agreed KPI’s within the Modern Slavery Working Group reporting to the CEO.
- Regularly reviewing and assessing the effectiveness of our policies, codes, operating standards and procedures as they relate to Modern Slavery.
- Ongoing monitoring and reporting of frequency and trends of whistleblowing and grievance channels.
- Rates of completion of Modern Slavery training.



# Process of consultation within the Group

We have a working group that meets to discuss and manage our approach to Modern Slavery, both in Australia and in our international operations, and share information and resources relevant to the management of Modern Slavery risk. This group includes representatives of McConnell Dowell's Legal, Compliance, Procurement, People and Sustainability business functions, all of whom are accountable for their functional areas across all business units.

This working group ensures that consultation regarding Modern Slavery risks occurs between business units and other parts of our business.

In the process of preparing this statement, we provided and presented draft versions of this statement to our executive team to encourage discussion and invite feedback.



Scott Cummins  
Director & Chief Executive Officer



