

**MCCONNELL
DOWELL**

CREATIVE CONSTRUCTION™



Modern Slavery Statement

FY 20-21



Introduction

Modern slavery is the serious exploitation of people through threats, coercion or deception, which undermines or deprives them of their freedom. Modern slavery is a global problem, estimated to affect over 40 million people.

At McConnell Dowell we understand that the nature of our business means we are exposed to potential modern slavery risks across our operations and supply chain and we are committed to taking action and responding to this problem in line with our purpose of providing a better life.

This statement is made pursuant to the Commonwealth Modern Slavery Act (2018) (the Act) with respect to the financial year ended 30 June 2021 (Reporting Period). A cross-functional working group has consulted across the organisation to assess our group-wide practices to manage modern slavery risks and we have sought external advice to help test the adequacy and robustness of our modern slavery approach, risk assessment and controls.

This is our second statement in relation to modern slavery.



Our structure, operations and supply chains

Our Structure

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.

This statement has been 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.

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. In the Reporting Period these business units operated principally in Australia, New Zealand, Singapore, Indonesia, Thailand, Malaysia, Philippines and the Pacific Islands.

Our Operations

The market sectors in which McConnell Dowell's clients, for whom it delivers projects, operate are:

- **Infrastructure - power, water and waste water, transport;**
- **Resources - mining and metals, oil and gas, petrochemical;**
- **Building - government, commercial/industrial, social/residential.**

The nature of projects McConnell Dowell undertakes and its business activities can be broken into the following specialist areas:

Marine

- construction of wharves, jetties, ocean outfalls, breakwaters, causeways and submarine pipelines;
- operation and maintenance of a McConnell Dowell owned fleet of marine equipment;

Rail

- construction, maintenance and asset management ranging from light, metropolitan and urban transport infrastructure through to regional and heavy haul railway networks;
- operation of a dedicated plant yard and workshop in Victoria, Australia for the purposes of maintaining McConnell Dowell owned rail fleet;
- operation as a rolling stock operator (in Australia);

Civil

- construction of building foundations, precast concrete, piling, hardstands, roads, runways and bulk earthworks;

Tunnel and underground

- construction of projects designed to ease traffic congestion, extend rail networks, generate sustainable hydropower, unlock resources and sustain communities through new clean water supplies;

Pipeline

- construction of gas and water pipelines;
- operation and maintenance of McConnell Dowell owned plant

Fabrication

- operation of steel fabrication facilities which produce structural steel and marine structures, steelwork and process piping, process modules and pre-assembled racks, concrete structures and concrete modules for the mining, oil and gas and power sectors;

Mechanical

- construction of piping, mechanical and electrical projects; and

Building

- commercial building construction in the accommodation, defence, education, entertainment and sport, government, health, industrial, office, retail and transport sectors.

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 ranges from 20-75% and its joint venture partners typically operate in similar industries and regions to McConnell Dowell.

McConnell Dowell relies on a large and highly diverse workforce in order to conduct these operations successfully. In the Reporting Period we directly employed over 2360 people across the countries in which McConnell Dowell operates, with over 75% of employees being located in Australia, Singapore and New Zealand (being the locations of the majority of McConnell Dowell's projects in delivery in the Reporting Period). Our employees were employed on a mixture of full time, part time and casual or contract basis, and varied in roles, ranging from executives and engineers to professional and administrative support staff and trades and labourers.

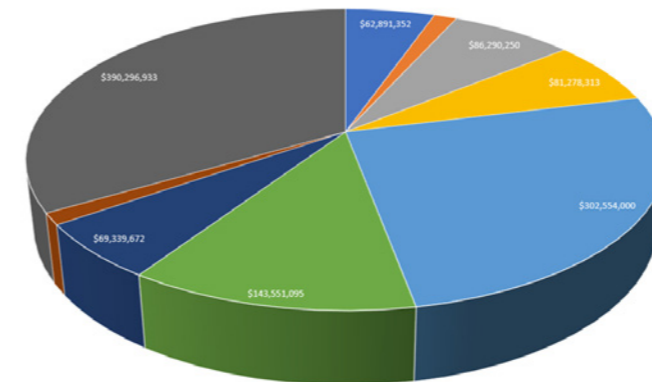




Our Supply Chain

As a result of McConnell Dowell's operations spanning various sectors and specialist areas, our supply chain covers a broad range of trades and varies depending on the discipline and location of the projects. In the reporting period, we had a supply chain of 6140 direct suppliers and approximately \$1.16 billion spend.

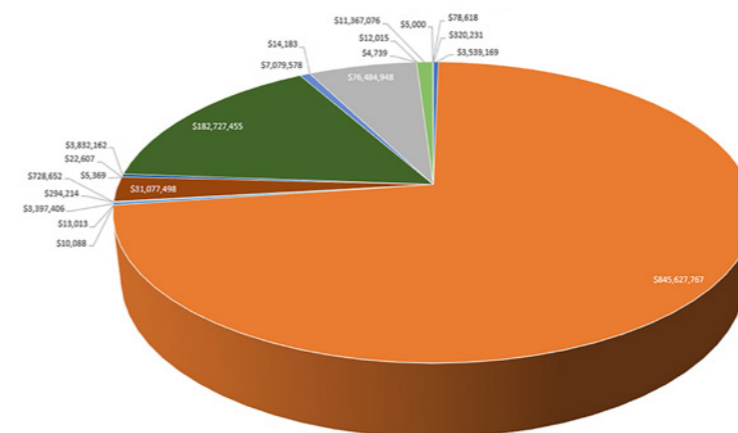
Vendor Spend Categories



Vendor Type

- Consultants
- Corporate
- Materials
- Plant Hire
- Subcontractors
- Consumables
- Labour Hire
- Other
- Shipping

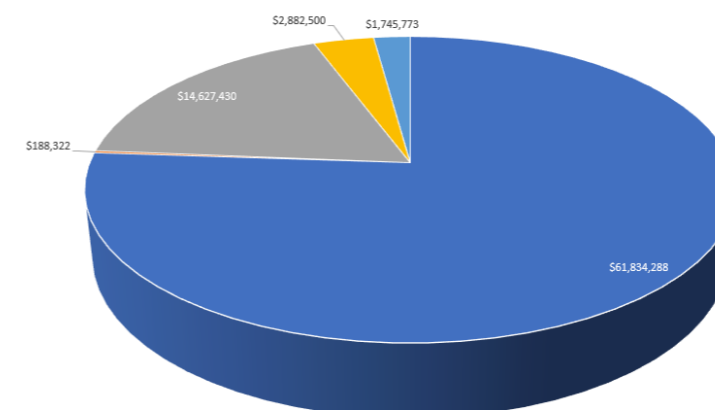
Vendor Spend by Country



Country

- America Samoa
- Australia
- Brunei
- Canada
- China
- Fiji
- Hong Kong
- Indonesia
- Ireland
- Italy
- Malaysia
- New Zealand
- Philippines
- PNG
- Singapore
- South Africa
- Switzerland
- Thailand
- UAE
- UK
- USA

Labour Hire Spend by Country



Country

- Australia
- Indonesia
- New Zealand
- Singapore
- Thailand



Risks of modern slavery in our operations, supply chains and entities

McConnell Dowell understands that our business activities, could cause, contribute or be directly linked to modern slavery practices. We also recognise 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:

- Poor visibility over long complex supply chains
- High demand for low-skilled labour force
- Suppliers operating in high risk geographies
- Business models heavily based on outsourcing
- Contractual terms predicated on low margins
- Significant pressure on delivery times

Operational Risk

In Australia and New Zealand, our employees, who predominantly hold professional and administrative roles, have the benefit of our corporate policies, operating standards and procedures which include the requirements for compliance with applicable laws and regulations, as well as their contractual entitlements, all of which are designed to ensure that they are remunerated fairly, in accordance with

any relevant industrial instrument and/or local employment laws, and that the individual is working of their own free will.

Outside of Australia and New Zealand, we employ a range of workers, including individuals undertaking various trades and labourers from across Asia. While these workers also have the benefit of our corporate policies, operating

standards and procedure, the demographic of these workers (who are often working outside their home country) and the jurisdictional risk of some of the locations where we operate (which are classified as higher risk by the Global Slavery Index), increases the risk of modern slavery in these operations. In Singapore we largely use labour hire providers while in other South East Asian countries we largely self-perform projects and labour is acquired by direct employment.

On some of our projects, workers need to be accommodated onsite either because the sites are remote or where workers are brought in from other locations. In most cases, McConnell Dowell directly accommodates workers supplied by subcontractors onsite, rather than by relying upon the relevant subcontractor to provide food and accommodation for those workers. This allows us to ensure that the living conditions of individuals working on our projects is appropriate, given the correlation between modern slavery risk and the quality of food and accommodation provided to foreign workers.

In respect of direct employees we have assessed that the risk of modern slavery is lower in Australia and New Zealand than across our South East Asian operations. Additionally, McConnell Dowell recognises that the risk of modern slavery occurring is greater where we do not have direct control over the terms and conditions of employment of a third party workforce.

Of our operations, our projects outside Australia and New Zealand have the highest modern slavery risk.

Supply Chain Risk

We have used the following risk factors to inform our risk analysis:

- Country of operation
- Category of supplier service
- Resources used in goods
- Type of workforce

On the basis of our assessment criteria, we have identified that our risk of modern slavery in our supply chains during the reporting period 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).

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

During the reporting period, we focused on activities shaped by our assessment and prioritisation of our modern slavery risks. These activities were targeted at building our understanding and capabilities, improving our policies and processes and enhancing engagement with our supply chain.

Building our Understanding and Capabilities

Working Group

The McConnell Dowell Modern Slavery Working Group continues to ensure compliance with our reporting requirements under the Modern Slavery Act. This group includes representatives of McConnell Dowell's Legal, Compliance, Procurement, People and Sustainability business functions. During the reporting period, key members of our Modern Slavery Working Group attended seminars and networking groups (including the United Nations Global Compact) to share knowledge, learnings and best practice in relation to modern slavery.

Modern Slavery Training

During the reporting period we developed a bespoke modern slavery training module designed to raise awareness about modern slavery and provide guidance on how to recognise and respond to modern slavery. This course was deployed to employees who may have a high exposure to modern slavery due to their function, location or nature of their work. More than 150 people, including all executive directors, completed modern slavery training in FY21.

Top Down Engagement

McConnell Dowell recognises the importance of top down engagement on the subject matter of modern slavery. During the reporting period, modern slavery briefing sessions were provided to the:

- McConnell Dowell Corporation Board
- Australian Subsidiary Board
- New Zealand Subsidiary Board
- Singapore Subsidiary Board
- Indonesia Subsidiary Board
- Built Environs Subsidiary Board

Improving our Policies and Processes

Code of Conduct

McConnell Dowell's Code of Conduct sets out what we believe is the right way of doing business and provides a practical guide about the behavioural standards we expect in all business activities. During the reporting period we reviewed and updated our Code of Conduct Policy to incorporate modern slavery related human rights and other human rights that are salient to our business activities.

Resourcing and Engagement Operating Standard

McConnell Dowell is committed to following best practice recruitment and selection processes that deliver the most suitable candidates to all positions in the business in a fair, transparent, ethical and consistent manner. During the reporting period, we updated our Resourcing and Engagement Operating Standard to emphasise our commitment to the respect of human rights in recruitment and selection practices and to prohibit conduct that may be indicative of modern slavery, such as the forced surrender and/or forced retention of original identification documents.

Employee Grievance Procedure

McConnell Dowell is committed to ensuring responsible corporate governance in line with our core value of honesty and integrity. During the reporting period we supplemented our whistleblowing procedure with an employee grievance procedure that can be effectively used by employees and other stakeholders to report improper, unethical or illegal conduct, including concerns relating to modern slavery. This procedure provides guidance and prescribes methods by which staff are empowered and encouraged to act on issues of concern.



Sustainability Framework and Policy

McConnell Dowell recognises that we have a responsibility to ensure that our business is conducted in an environmentally & socially sustainable manner. To assist us in this direction we have a documented sustainability framework that clearly states our intentions and provides guidance in our daily activity. During the reporting period our Sustainability Framework and Sustainability Policy were updated to incorporate the United Nations Sustainability Development Goals including as they relate to Human Rights and Modern Slavery.

Enhancing Engagement with our Supply Chain

Procurement Documentation

McConnell Dowell recognises that we are in a position to drive positive change to address modern slavery throughout our sphere of influence. As part of our prequalification process, all subcontractors and suppliers are required to complete a procurement pre-award evaluation. During the reporting period we revised and enhanced the modern slavery section of the Australian pre award evaluation to better identify and assess modern slavery risks within our supply chain. We also created a modern slavery section in the New Zealand pre award evaluation for the first time. Felix, our procurement management platform, has also been enhanced to include modern slavery criteria and continues to be implemented throughout our business.

Where a potential risk of modern slavery is identified, we discuss the issue with the tenderer to determine the appropriate actions and agree on potential mechanisms to monitor those actions until both parties agree that the risk of modern slavery will be appropriately mitigated.

Contractual Obligations

McConnell Dowell recognises that modern slavery clauses may operate to ensure that suppliers and subcontractors respond to modern slavery risks within their operations and provide an opportunity to initiate dialogue and engagement with our supply chain where there is a material breach of

contract. During the reporting period we have addressed approaches to embedding enforceable modern slavery clauses in our supplier contracts to articulate our human rights expectations and control the potential risk of modern slavery arising in our supply chain.

Labour Hire Supplier Engagement

In Australia we engaged with all members of our labour hire panel throughout the course of FY21 to understand their approach to modern slavery and ensure that they are aware of the potential for being targeted by traffickers. During the reporting period we also developed and implemented a list of screening questions for labour hire providers in South East Asia based on their workforce engagement model, including visa compliance, pay rates and overtime.





Assessing the effectiveness of the actions taken

McConnell Dowell recognises that assessing the effectiveness of our actions is a key element of our commitment to continuous improvement. The ways in which we measure effectiveness are listed below. Insights gathered from these measures inform our Modern Slavery strategy and the scope of work for the Modern Slavery Working Group.

- 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.
- Monitoring frequency and trends of whistleblowing and grievance channels. During the reporting period, we did not identify any potential modern slavery risks from the incidents raised via these mechanisms.
- Rates of completion of training. In the reporting period 96% of eligible participants completed modern slavery training.
- Engagement with suppliers beyond initial assessment via the pre award evaluation to enhance awareness of modern slavery.

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.

In relation to our supply chain risk, procurement representatives from all our business units (including all our international locations) met monthly during the reporting period, with a standing agenda item in relation to our modern slavery risk program.

Scott Cummins
Director & Chief Executive Officer



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