



MODERN SLAVERY STATEMENT 2022



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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 FY22 *Annual Report* and FY22 *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 surface mining, underground mining and mining support services to clients for more than 59 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. An ASX-listed company with headquarters in Perth and Brisbane, we provide services to many resource projects in Australia and Southeast Asia. Founded in 1963, Macmahon services major clients 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 STRATEGY

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

OUR VALUES

Our Values are United, Courage, Integrity and Pride which form the foundation for our employees actions and expected behaviours. We aim to operate to the highest standards of conduct and behaviour when operating, both in Australia and abroad, and in managing our supply chains.

United

Be Inclusive | Work Together | Support Each Other

Courage

Be Brave | Speak Up | Challenge Yourself

Integrity

Be Honest | Respect People | Be Accountable

Pride

Be Humble | Work Hard | Celebrate Wins



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 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 eliminating modern slavery is a framework of company policies and procedures as detailed on page 15. These include policies on Human Rights, Employment and Diversity, Health and Safety, Environment, Indigenous People and our Code of Conduct.

THE REPORTING ENTITIES

This *Modern Slavery Statement* is made for the period 1 July 2021 to 30 June 2022. This is a joint Statement submitted by Macmahon Holdings Limited* (ACN 007 634 406) and its subsidiaries* (“Reporting Entities”):

Macmahon Contractors Pty Ltd
(ACN 007 611 485)

Macmahon Underground Pty Ltd
(ACN 003 696 464)

PT Macmahon Indonesia
(Co No 02.648.378.4-063.000)

*Macmahon Holdings Limited is the ultimate parent company in the Macmahon Group of companies, and as such, this Statement captures the activities of its wholly owned subsidiaries and all its controlled entities. A breakdown of the Macmahon corporate group is set out on page 7 of this Statement and can be found on page 109 of our Annual Report for FY22. 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.

FY22 KEY ACHIEVEMENTS

Risk Assessment Initiatives

- We implemented a new supplier compliance and onboarding system within our Australian operations that incorporates modern slavery risk assessment initiatives. All new Australian suppliers are required to complete the modern slavery Self-Assessment Questionnaire (“SAQ”) on the new system.
- We focused on sending out our SAQ’s manually to our Indonesian and Malaysian supply chain via our local staff allowing us to commence risk assessing our international supply chain.
- Supplier response rate to the online and manual SAQs improved in FY22, allowing us to further map out our supply chain risks.

Policy and Procedures

- We finalised and implemented a Supplier Code of Conduct which requires all suppliers to uphold our commitments towards human rights and preventing modern slavery.
- We updated our whistleblower program by providing our local and international employees, contractors, and suppliers an independent reporting channel to anonymously report any actual or suspected misconduct or wrongdoing in line with Macmahon’s Whistleblower Policy.

Training and Education

- We implemented online training module on modern slavery for our Malaysian workforce with a strong focus on our procurement team employees. The Malaysian training module is translated into Malay.

Statement from the Chair and CEO & MD

As a global business, we recognise that we have a part to play in creating a sustainable business by making a positive social impact and applying ethical business and governance practices. We also recognise that delivering mining services in certain geographical sectors creates an elevated risk of modern slavery.

In this Statement, we outline the steps that we took to identify and address modern slavery risks, the progress we made and our learnings in FY22.

In FY22, we updated our Whistleblower Program by providing our local and international employees, contractors, and suppliers an independent reporting channel to anonymously report any actual or suspected misconduct or wrongdoing in line with Macmahon's Whistleblower Policy.

In FY22, we also continued our risk assessment of our Indonesian and Malaysian operations and supply chain to identify and understand modern slavery risks.

We recognise that modern slavery risks are complex, and the identification and elimination of modern slavery is a significant process. Guided by our company values of 'Integrity' and 'Courage', we remain steadfast in our commitment to identify and eliminate any form of modern slavery risk within our business and supply chain.

This Statement was approved by the Macmahon Board of Directors on 8 December 2022 on behalf of Macmahon and its subsidiaries listed on page 4 of this Statement.



EVA SKIRA

Independent Non-Executive Chair



MICHAEL FINNEGAN

Chief Executive Officer and Managing Director





Our Structure, Operations and Supply Chain

OUR STRUCTURE

| Incorporated subsidiaries | Country of incorporation | Ownership interest | |
|--|--------------------------|--------------------|--------|
| | | 2022 % | 2021 % |
| 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 | Australia | 100% | 100% |
| Macmahon Maintenance Masters Pty Ltd | Australia | 100% | 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% |
| 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 | 0% | 100% |
| GBF Number 4 Pty Ltd* | Australia | 0% | 100% |
| GBF Number 5 Pty Ltd* | Australia | 0% | 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% | 100% |
| 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 2022 and no active supply chain or operations was engaged.

* Ramex was divested as at 1 September 2022

Our Operations

MALAYSIA



1 SURFACE
Langkawi

INDONESIA



2 SURFACE
Batu Hijau
Martabe

1 UNDERGROUND
Tujuh Bukit

1 MINING SUPPORT SERVICES
Hu'u Project

WESTERN AUSTRALIA



5 SURFACE
Julius
King of the Hills
Mt Morgans
Telfer
Tropicana

13 UNDERGROUND
Bellevue
Boston Shaker
Cock-eyed Bob
Daisy Milano
Deflector
Granny Smith
Gwalia
King of the Hills
Leinster
Maxwells
Nicolsons
Santa
Wagtail

3 MINING SUPPORT SERVICES
Coburn
Fimiston
Warrawoona

NORTHERN TERRITORY



1 UNDERGROUND
Tanami

QUEENSLAND



2 SURFACE
Byerwen
Dawson South

4 MINING SUPPORT SERVICES
Blackwater
Foxleigh
Peak Downs
Saraji

SOUTH AUSTRALIA



1 UNDERGROUND
Olympic Dam

VICTORIA



1 UNDERGROUND
Fosterville

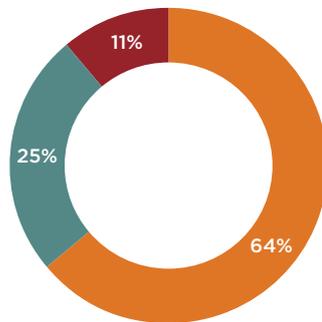
Our Operations by Revenue Breakdown

FY22 REVENUE BREAKDOWN

For further details, a breakdown of the services, projects and our clients are provided in our FY22 Annual Report.

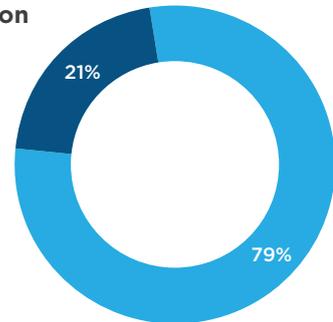
Activity

- Surface
- Underground
- Mining Support Services



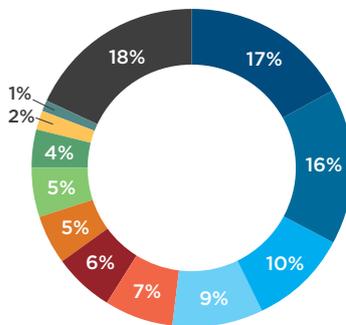
Country/Region

- Australia
- Southeast Asia



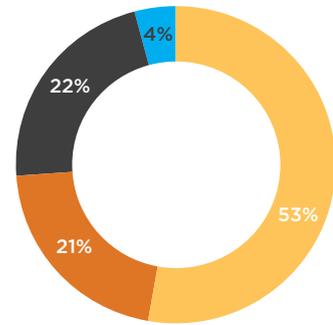
Client

- AngloGold Ashanti
- PT AMNT
- QCoal
- Newcrest
- Silver Lake
- St Barbara
- Dacian Gold
- Ometco
- Anglo American
- Red 5 Limited
- Calidus
- 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. Our workforce at the end of June 2022 was 7,848 people. We anticipate this to increase over the coming year as we bring on several new projects in FY23. Approximately 45% of our total workforce is based in Southeast Asia, with around 55% in Australia.

Workforce by location

| | Employees | Contractors | Total Workforce |
|----------------|-------------|-------------|-----------------|
| Australia | 3343 | 966 | 4309 |
| Southeast Asia | 3419 | 120 | 3539 |
| Total | 6762 | 1086 | 7848 |

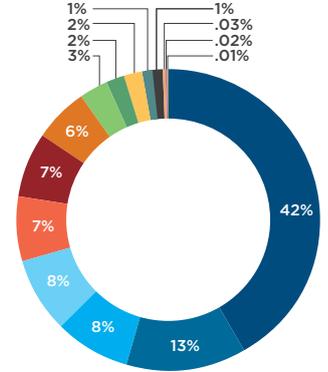
OUR SUPPLY CHAIN

In FY22, our supply chains spend were predominantly within Australia (79%) and Indonesia/Malaysia (21%) with just under half of our spend captured within the equipment and spares category sourced from “Original Equipment Manufacturers” (OEM’s) tier 1 suppliers.

Our supply chains within Australia and South-East Asia include the following services and products:

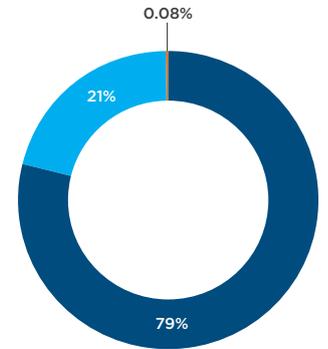
Category

- Equipment/Spares
- Services
- Labour hire/Recruitment
- Sub Contractor
- Rental
- Consumables
- Tyres
- Corporate
- Freight
- Oil and Lubes
- Ground Engaging Tools
- Explosives
- Training Services
- Rent
- Other



Country

- Australia
- Indonesia
- Malaysia

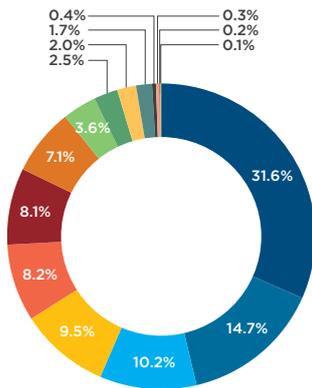


SUPPLY CHAIN BREAKDOWN BY COUNTRY

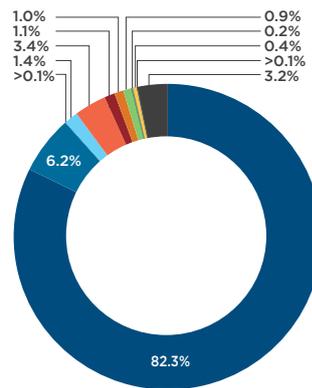
Category

- Equipment/Spares
- Services
- Labour hire/Recruitment
- Sub Contractor
- Rental
- Consumables
- Tyres
- Corporate
- Transport
- Oil and Lubes
- GET
- Training Services
- Rent
- Explosives
- Other

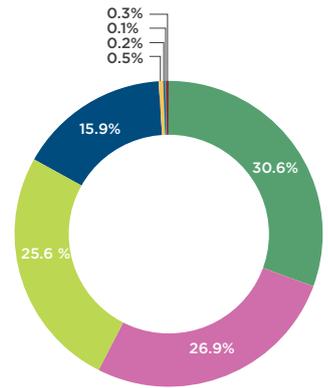
Australia



Indonesia



Malaysia





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 encourage and support economic opportunities in the countries we operate in, through both sourcing goods and labour locally. However, we recognise that procurement of goods and services in certain geographical sectors creates an elevated risk of modern slavery.

According to the Global Slavery Index 2018, some countries have a higher prevalence of modern slavery*. Indonesia has been identified on the Global Risk Index 2018 as having a modern slavery prevalence index rating of 74/167, whilst Malaysia has a prevalence index rating of 42/167. As noted, approximately 79% of our spend is with suppliers based in Australia and approximately 21% with suppliers based in Indonesia and Malaysia, predominantly supplying equipment and spares.

In our FY21 statement, we noted that we had one supplier based in China. This supplier serviced Ramex Services Pty Ltd trading as Bost, a discreet part of Macmahon business supplying underground refuge chambers and manufacturing of Ute trays and underground loader buckets. Ramex Services Pty Ltd has been divested in FY23. The SAQ completed by this supplier in FY21 indicated they had a "moderate" company risk via our risk assessment tool. In FY22, we conducted a more targeted due diligence on this supplier, and we were able to reduce the risk rating from "moderate" to "low". This is because the targeted due diligence identified that the supplier had implemented its own modern slavery policies and procedures, such as providing all their employees a written contract in their relevant language that they understand, providing modern slavery awareness training to employees and conducting their own modern slavery due diligence on their own supply chain (such as undertaking checks to ensure child labour is not utilised in their organisation).

*Source: Global Slavery Index: www.globalslaveryindex.org

HIGH RISK GOODS & SERVICES

In FY22, we procured AUD \$1.1B in goods and services from 1,924 suppliers spread across three 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
- Personal Protective Equipment and clothing (“PPE”)
- Information Technology (IT) hardware and services
- Accommodation
- Travel
- Tyres
- Shipping

As noted, approximately 45% of our total workforce is based in Southeast Asia. However, approximately 97% of that Southeast Asian labour force are directly employed by Macmahon and approximately 3% are contractors.

To ensure we minimise the inherent risk of operating in Indonesia and Malaysia, we have procedures in place with our Indonesian and Malaysian workforce. See further page 18 ‘Managing Labour Risk in our Indonesian and Malaysian Operations.’

In FY21, we focused on understanding our tier 1 supply chain. However, we acknowledge that goods and services acquired from our tier 1 suppliers may have ultimately been manufactured or services provided from jurisdictions that are higher risk for modern slavery.

For example, PPE or materials used to produce PPE which we source from our tier 1 suppliers may have been produced in high-risk countries.

Similarly, we recognise that recruitment services for our 482 visa employees, provided by our tier 1 suppliers based in Australia, may have ultimately been provided from high-risk countries.

In FY22 we commenced a targeted due diligence on our tier 1 suppliers, particularly those whom we deemed to be high or moderate risk. In this regard, after conducting a more targeted due diligence on our PPE supplier, we identified that the supplier has their own modern slavery policies and procedures, whereby the supplier conducts due diligence on their own supply chain and reviews their suppliers on a risk-based approach and implement action plans. However, no data was provided by this supplier regarding the number of high-risk suppliers that they had identified, or deep dives they had conducted on their suppliers, this finding provides us an opportunity to be more collaborative with our strategic partners to identify any instances of modern slavery.

We remain committed to understanding modern slavery risks in our supply chain beyond our tier 1 suppliers and we will continue our deep dive efforts in FY23, including conducting a more targeted due diligence into our recruitment suppliers for any overseas recruitment activities.

IMPACTS OF THE COVID-19 PANDEMIC

The COVID-19 pandemic and the global resources shortage continued to present challenges across the board to shipping and procurement of goods and we recognise that this may have heightened modern slavery risks. During FY22 we increased communication with our major suppliers to ensure any impacts of the pandemic and any other resources shortages were communicated to our internal stakeholders where they could adjust their planning schedules to suit and reflect any delays that may have occurred.



Actions to Assess and Address 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, including the following:

- Our Human Rights Policy, adopted in FY20 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;
- Our Procurement Policy, that outlines our commitment 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; and
- Other policies such as our Code of Conduct, Health and Safety policy, Diversity and Inclusion Policy, and Anti-Corruption and Bribery Policy, that ensure we build and maintain a respectful and safe work environment for all our people and to mitigate modern slavery risks.

We encourage all our employees, suppliers, 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.

GOVERNANCE AND MANAGEMENT

We have 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 our Chief Commercial Officer.

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”

Supply Chain Due Diligence and Risk Assessment

SAQ'S AND NEW SUPPLIER ON-BOARDING SYSTEM

We first issued our supplier SAQs in FY21 to assess and identify any instances of modern slavery in our supply chain and to allow us to risk rate our suppliers based on the responses. Responses to the SAQ are scored as compliant or non-compliant. Scores are also added to produce an overall supplier risk rating, from high, moderate, and low risk depending on a range of factors, including whether the suppliers have policies and procedures in place to assess and address modern slavery. Geographical risk is then considered based on facility location and applied to the company risk rating to produce the overall risk priority rating. This process guides the prioritisation of supplier due diligence and the corrective action process.

In FY22, we implemented a new online supplier compliance and on-boarding system within our Australian operations that incorporates modern slavery risk assessment initiatives. All new Australian suppliers are now required to complete the modern slavery SAQ incorporated within our new online supplier on-boarding system. This new system provides a more manageable database to identify Australian supplier compliance of the SAQs and to allow us to efficiently risk assess our Australian supply chain. Our SAQ risk assessment helps us rate our suppliers from high, moderate and low risk depending on a range of factors, such as whether the suppliers have policies and procedures in place to assess and address Modern Slavery, training for employees in understanding the importance of Modern Slavery in the business and conducting further due diligence to address modern slavery within their own supply chain.

Upon implementation of our online supplier onboarding system we invited 1,258 suppliers to re-onboard using this system which includes completing the modern slavery SAQ. As at 30 June 2022, 465 of these suppliers had completed the SAQ. Suppliers to Macmahon are required to re-onboard every two years as part of a compliance and due diligence process. Therefore, all our suppliers will complete the SAQ as part of that process in due course.

Following the completion of the SAQ's by suppliers in FY22, we risk rated 209 suppliers as being low risk for modern slavery and 256 suppliers were risk assessed as moderate. At the close of FY22, we did not identify any supplier that warranted a high-risk assessment for modern slavery. Through our due diligence and risk assessment process, we have also not identified any instances of modern slavery in our supply chain and our operations.

Our corrective actions for our low risk rated suppliers will require them to complete our prequalification and SAQs every two years. Our suppliers risk assessed as moderate, will be required to do the same as low rated suppliers, but with the addition of them providing us evidence of their policies and procedures that they have in place to mitigate modern slavery risks.

In FY22, we focused on understanding the risks within our Indonesian and Malaysian operations and supply chain. We have approximately 340 active suppliers within our Indonesian supply chain and approximately 27 suppliers within our Malaysian supply chain. We conducted a more targeted SAQ on 243 of our Indonesian suppliers to better understand our modern slavery risks. The SAQs were translated in Bahasa and included questions around production and manufacture of goods in higher risk sectors. At the close of FY22, approximately 79 of our Indonesian suppliers responded by completing this targeted SAQ. Although we had not received a desirable response rate by close of FY22, we recognise that responses will continue to flow through in FY23, and we have already commenced following up on non-responding suppliers.

Whilst we also attempted to conduct a more targeted due diligence on our Malaysian suppliers via the SAQ, unfortunately we did not receive sufficient engagement to report on by close of FY22. In order to improve compliance with the SAQ in FY23, we will translate the SAQ in Malay to assist with understanding the requirements and will engage directly with these suppliers through our local Malaysian personnel.

NEW SUPPLIER CODE OF CONDUCT

During FY22, we also finalised and implemented a Supplier Code of Conduct which requires all suppliers to uphold our commitments towards human rights and preventing modern slavery.

Our new onboarding system ensures that the suppliers are made aware and acknowledge the Macmahon Supplier Code of Conduct.

SUPPLY CHAIN MANAGEMENT

Our suppliers are required to comply with Macmahon policies and procedures. Our standard supply contracts include obligations on our suppliers in relation to modern slavery. In particular, our standard contracts require suppliers to:

- Conduct their business in a manner consistent with the Modern Slavery Act 2018 (Cth);
- Investigate their supply chains and labour practices for any modern slavery risks;
- Permit Macmahon to audit their operations for any modern slavery risks; and
- Notify 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

A due diligence process is conducted for each new supplier as part of our new supplier on-boarding 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 Group Supply Manager to ensure compliance.

As part of our International Organisation for Standardisation (ISO) requirements, we also undertake re-qualifications across our existing supplier base every two years through our supplier prequalification process.

MANAGING LABOUR RISK IN OUR INDONESIAN AND MALAYSIAN OPERATIONS

As noted, 97% of our Southeast Asian labour force are directly employed by Macmahon. Our recruitment procedures are compliant with all relevant local labour legislation.

In Indonesia, we provide written contracts to our employees which are underpinned by Indonesian Company Regulations (similar to an Australian Enterprise Agreement) that are approved by the Indonesian Government's Ministry of Manpower. Indonesian law requires that we must update and seek approval of our employment agreements from the Ministry every two years. Similarly, our Malaysian employment agreements have been prepared to comply with or exceed the minimum requirements of Malaysian labour laws.

Our Indonesian employees receive employment benefits over and above the basic wage, including bonuses linked to KPI's, health insurance for all employees and their family (one spouse and up to three children) and appropriate working rosters (our standard roster is four weeks on two weeks off and 12-hour shifts). Depending on whether an employee lives within the local community or is a fly-in-flyout worker, some roles within the local community will work five days on two days off and eight hours per day.

In Malaysia, Macmahon makes contributions to the Social Security Organisation for employee protections as well as contributions in accordance with the Employment Insurance System Act 2017 to protect employees who have lost employment. Levy payments are made towards the Human Resources Development Fund for the purposes of training and developing employees. Macmahon make statutory contributions towards a savings scheme for our employees.

Malaysian labour laws are regulated by the Ministry of Human Resources.

Our Malaysian employment agreements have been prepared to comply with or exceed the minimum requirements of Malaysian labour laws, including the Employment Act 1995 and its subsequent regulations.

In compliance with the Employees' Social Security Act 1969, Macmahon make contributions to the Social Security Organisation (SOCSO) for employee protections as well as contributions in accordance with the Employment Insurance System Act 2017 to protect employees who have lost employment. Levy payments are made towards the Human Resources Development Fund for the purposes of training and developing employees. Macmahon perform statutory contributions towards a scheme of saving for our employees.

Malaysia has enacted the *Employment (Amendment Act) 2022* which takes effect from 01 January 2023. Macmahon is actively working to ensure its labour practices in Malaysia remain compliant with current labour laws.

TRAINING AND EDUCATION

In FY21, we developed a modern slavery awareness training module in English, Bahasa, and Malay to deliver training to our existing workforce relating to procurement. In FY22, we continue to implement this mandatory modern slavery awareness training as part of our induction and onboarding process to all staff within Australia, Indonesia, and Malaysia.

In FY22 we had particularly high compliance rates for the modern slavery training of over 90% of all staff, with 100% compliance for procurement staff.



Assessing Effectiveness

We continue to revise and reassess our actions taken to ensure they remain effective for identifying and addressing modern slavery risks. Our Modern Slavery Working Group implements our evaluation process.

This includes:

- Reporting internally to senior leadership on any risk assessment outcomes;
- Continuously seeking improvements on our risk assessment processes, including evaluating third party compliance and analytics software to improve data quality in our modern slavery risk assessment initiatives;
- Conducting companywide surveys in relation to workplace culture; and
- Engagement with various business units to ensure risk assessment processes are appropriate.

Our key governance principles, policies and practices are regularly updated and reviewed to accurately capture and reflect changes or other developments in corporate governance. Risk Management policies and systems for supply chain risk are reviewed annually to track and reflect any market condition changes.



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* has been a key mechanism that enables and supports ongoing consultation.

In FY22 Our Modern Slavery Working Group comprised of Executive GM of Plant and Innovation, Group Supply Manager, and other senior staff from Group HR, Legal, Group HSEQ & Sustainability, Mining Operations, Indonesian Supply and Group investor relations.

Our policies and procedures are applicable to all Macmahon owned and controlled subsidiaries. The directors of all Macmahon owned and controlled

subsidiaries, ultimately report to the Board of Macmahon. Our executive leadership team meet regularly to review performance of all our operations. The Modern Slavery Working Group regularly collaborate with various business units to understand and confirm the actions and activities undertaken to identify and address any modern slavery risks and to verify the data reported in this 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 roadmap, we will:

Risk Assessment Initiatives

- Assess the viability of on-site supplier audits with high spend value and high to moderate risk rating.
- Further approach our Indonesian and Malaysian suppliers that are risk assessed as high and moderate and commence actual “on the ground” audits for those identified
- Identify additional Modern Slavery compliance and analytics software to improve data quality in our modern slavery risk assessment initiatives

Policy and Procedures

- Establish Modern Slavery KPI's which will be monitored and tracked by the Modern Slavery Working Group

Training and Education

- Extend our modern slavery training to our suppliers at the point of on-boarding to raise and improve awareness on modern slavery

Collaboration

- Consult with external Modern Slavery consultants to review our processes and approach to Modern Slavery





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