



## Modern Slavery Statement

### Background

In accordance with the Modern Slavery Act 2018, this statement outlines the actions Valmec has taken to identify, and if found, seek to eliminate any modern slavery risks within our supply chain. Modern Slavery is the term used within the Act to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. It is estimated that there are 40 million people worldwide living in modern slavery conditions.

### Business Structure

Valmec is a proudly Australian owned company with operations nationally. Valmec provides specialised engineering, construction, maintenance, commissioning and asset integrity services to the oil & gas, resources, energy and infrastructure sectors. Valmec is listed on the Australian Securities Exchange (ASX:VMX).

Employing approximately 350 people, Valmec and its operating subsidiaries, including APTS, provide Civil Works, Underground Services, Structural, Mechanical and Piping, Pipelines and Flow lines, Electrical and Instrumentation, Pre-Commissioning, Commissioning, Maintenance, and Asset Integrity services.

Valmec's offices and facilities are located in Perth, Brisbane, Roma, Sydney, Darwin and Adelaide and are ideally positioned to support customers and projects all across Australia.

### Policies and Governance

Valmec does not tolerate any form of slavery, human trafficking, forced or child labour. Our Policies and procedures define our expectations of behaviour for both employees and suppliers and to help dismantle modern slavery practices around the world by carefully selecting who we work with, how we work together and where materials are sourced from.

Our Code of Conduct explicitly refers to our commitment to respect the fundamental human rights of all people located where we operate and with whom we work, by taking actions to identify and address risks in our own operations, and our supply chain.

Our Ethical Sourcing Policy demonstrates not only our own commitment to upholding human rights, but outlines the expectation we have on our supply chain in meeting these commitments specifically relating to business integrity, labour rights, working

Conditions, child labour, living wages, working hours, discrimination and the harsh or inhumane treatment of people.

Our Whistleblower policy includes a confidential and anonymous reporting process which can be used to escalate any business activity issues, including any issues occurring within our supply chain. This policy is available and accessible on our website.

Finally, Valmec will only engage with Suppliers that are committed to meeting the minimum standards outlined in this Policy. To ensure that a common voice on this issue within our industry continues to be heard, we will also assist any Suppliers who need help in achieving compliance with this Policy.

### Training

During our first reporting year 2019/2020, we focused our training efforts on the Valmec Executive Team to ensure that the company's Leadership group gained an informed awareness of what Modern Slavery is, and how it can be positively impacted by the efforts of the business community.

The Executive Team have now completed this awareness training with further training for our greater workforce being rolled out for financial year 2020-21.

### Supply Chain

The Valmec supply chain is predominantly sourced from Australian based companies, thus minimising our exposure to less ethical practices that are sometimes seen in other parts of the world.

The primary exception to this local sourcing is the procurement of Original Equipment Manufacturers (OEM) parts from large and reputable companies in the United States of America, who themselves have implemented ethically robust sourcing programs.



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To mitigate all supply risks associated with Modern Slavery, Valmec continually assesses our whole supply chain, specifically looking at products and countries of operation that are often associated with modern slavery issues.

According to the Global Slavery Index published in 2018 by the Mindaroo Walk Free Foundation, two (2) of the Top 5 imported products into Australia that are most at risk of modern slavery in its supply chain are also products that are commonly purchased and used by Valmec.

These being:

**Electronics** - the supply of company Laptops, Computers and Mobile Phones, and,

**Garments** – the supply of company clothing and PPE, (Garments).

These categories of goods and services have been identified as being potentially 'high risk' within our supply chain and as such the highest priority to monitor for the 2020 – 2021 financial year:

### Risk Assessment and Management

Understanding what the highest risk items in our supply chain are (*per the Global Slavery Index 2018*), will allow Valmec to continue to focus our attention on the suppliers of company clothing and electronic equipment.

By reaching out to our suppliers of these goods, we have found that they are also active in identifying and eliminating modern slavery risks from their own supply chains, and many have published modern slavery statements, or international equivalents.

To date, we have not identified any other significant risks in our supply chain.

### Supplier Management Program

Our Supplier Management programs have a number of controls in place which will help mitigate risks across the supplier 'life cycle' with a particular focus on:

- Prequalification and Selection
- Contract Sourcing and Executing
- Mobilisation, and,
- Supplier Management

Supplier agreements include a clause on human rights and labour issues whilst also outlining our zero tolerance for discrimination, harassment, workplace violence, bullying or child and forced labour within their own operations. Agreements also include a requirement for suppliers to report any human rights issues in their supply chain that they become aware of.

### Effectiveness of Actions

To assess the effectiveness of our approach, we will review our processes, progress and the results from this year's assessment on an annual basis, while looking for year on year improvements across our entire Supply Chain.

### Future Activities

Our focus for the financial year 2020 -2021 is to continue to ensure that our current procurement checks and balances are continuing to work effectively and have been embedded into our current practices.

We will also be looking to broaden the number of managers who have been trained in modern slavery awareness to further embed supply chain procedures within the business, and we will continue to work with our suppliers to ensure they understand and abide by our ethical sourcing requirements.

This statement was approved by the Valmec Limited Board of Directors.

**Steve Dropulich**  
Managing Director  
Valmec Limited  
31/03/2021