

# **AVADA Group Limited**

## **Modern Slavery Statement**

### **2023**

## Introduction

This is the first Modern Slavery Statement (**Statement**) prepared by AVADA Group Limited (**AVADA**) pursuant to the requirements of the *Modern Slavery Act 2018* (Cth) (the **Act**). It relates to the reporting period 1 July 2022 to 30 June 2023 (**Reporting Period**).

AVADA affirms its commitment to ethical practices and human rights and this Statement outlines its approach to identifying and reducing the risk of modern slavery practices within its supply chains and operations. We are committed to looking after our people, our communities and our planet, and as part of our environmental, social and governance (**ESG**) approach, we look to align with the UN Sustainable Development Goals.

We are committed to conducting business in an open and accountable way through supporting a culture of honest and ethical behaviour as stated in our Group Corporate Governance Charter and Anti-bribery and Anti-corruption Policy. As we continue to grow as a business, AVADA is committed to collaborating with our people, customers, suppliers, and shareholders to collectively improve our ability to manage the challenges that modern slavery presents and work towards protecting fundamental human rights within our operations and our supply chains.

The numbered sections of this statement correspond with each of the reporting criteria under the Act.

## Criteria 1 – Reporting entities

This statement covers AVADA and each of its controlled entities (**AVADA Group** or **Group**). AVADA Group Limited (ACN 648 988 783) is the only reporting entity in the Group.

This statement has been prepared for AVADA Group as a whole. Where this Statement refers to "we" or "our" it is a reference to the AVADA Group.

## Criteria 2 – Our structure and business

### Our business

AVADA Group is an integrated traffic management provider in Australia and New Zealand, with established operations throughout Australia and New Zealand servicing major public and private sector clients. Traffic management is a legislative requirement with regulations prescribing the operational requirements for work on or adjacent to roads. Traffic management is an essential service for civil infrastructure and maintenance works with consistent workflow provided by investment in new projects and recurring maintenance requirements.

AVADA was incorporated in March 2021 with the vision to be Australia and New Zealand's leading traffic management company and provider of ancillary services. During the Reporting Period, we have continued our work, post listing, to develop AVADA Group through investment in the leadership structure and management capabilities, along with improvements to business processes and a shared services model. At the time of its listing on the ASX, the AVADA Group was made up of five acquired companies and acquisitions continue to be a key element of AVADA's growth strategy to expand and diversify our customer base, geographic reach, and capability. In the Reporting Period, the Group expanded into New Zealand with the acquisition of Wilsons Traffic Management, and in Victoria, the Group has strengthened its market presence through the acquisition of Construct Traffic. Key to this has been improved business processes to support our ability to execute and integrate acquisitions.

### Our structure

AVADA Group Limited is a public company listed on the Australian Securities Exchange (ASX: AVD) with a head office located in Woolloongabba, Queensland. It has the function of being the listed parent entity and head of the AVADA Group.

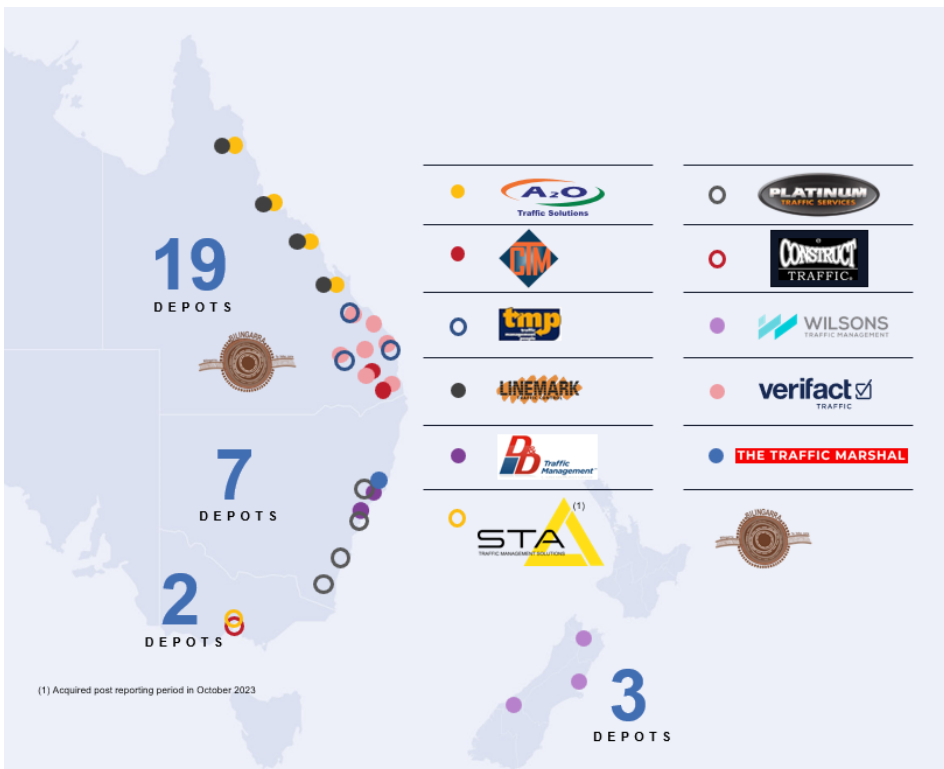
As of 30 June 2023, AVADA had 15 wholly owned and controlled subsidiary entities. AVADA and all of its controlled entities are incorporated in Australia or New Zealand and operate solely within Australia or New Zealand. A full list of these entities can be found in the AVADA FY23 Annual Report available at <https://avadagroup.com.au/annual-reports/>. As all subsidiary businesses are wholly owned by AVADA, their operations are included in this Statement.

### Our operations

AVADA Group's principal activity is the provision of traffic management services as described above.

AVADA Group has established operations throughout Queensland, NSW, Victoria and New Zealand servicing major public and private sector clients. With an extensive network of more than 30 depots, more than 1,000 vehicles and 2,400 dedicated employees the Group is well positioned in the integrated traffic management and associated civil sectors.

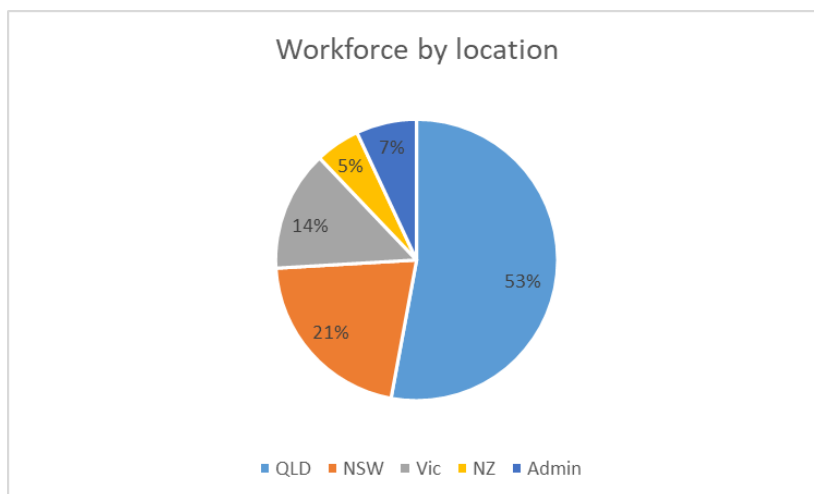
AVADA IS QLD No.1 Pty Ltd, a wholly owned subsidiary of AVADA, owns a 49% interest in a joint venture arrangement called Bilingarra Indigenous Services Pty Ltd. This endeavour identifies, trains, and employs local Indigenous women and men through the provision of professional traffic management services in Australia.



### Our team

During the Reporting Period, AVADA Group employed more than 2,000 team members in Australia and New Zealand, with the majority employed as traffic controllers in our integrated traffic management business. The other employees are located at AVADA Group's Head Office and support functions within the depots and business units.

AVADA Group employees are employed under full-time, part-time or casual arrangements across our operations in Australia and New Zealand. AVADA also receives planning and administrative support from approximately 10 people based in the Philippines under a business outsource arrangement.



### Our supply chain

AVADA Group's supply chain covers a broad range of goods and services associated with the operation of its business including fuel, vehicle supply, vehicle maintenance, traffic equipment, personal protective equipment and uniforms, leased property and associated outgoings, IT systems and corporate services.

AVADA Group had a recorded external spend of approximately \$30 million for the year ending 30 June 2023 with 874 external suppliers. AVADA Group has contractual arrangements with suppliers for major recurring expenditure. AVADA Group's external suppliers include (by reference to % of total annual expenditure):

- 20% Fuel supply from distributors in Australia and New Zealand;
- 12% Vehicle supply, sourced direct through original equipment manufacturer (OEM) networks;
- 7% Equipment and signage supply; and
- 5% Travel predominantly within Australia and New Zealand.

### Criteria 3 - Risks of modern slavery practices in our operations and supply chain

According to the 2023 edition of the Global Slavery Index (GSI), Australia and New Zealand have a relatively low prevalence of modern slavery.

As described in the UN Guiding Principles on Business and Human Rights, the risk of modern slavery involves the possibility that AVADA Group could inadvertently cause, contribute to, or be directly or indirectly linked to instances of modern slavery within its operations and supply chains.

AVADA Group acknowledges the risk that it could contribute to, or be directly or indirectly linked to modern slavery. It considers the potential risks of modern slavery primarily manifest in respect of procurement practices and employment practices.

As mentioned under Criteria 2, the majority of our workforce is based in Australia and New Zealand. We have entered individual employment contracts with employees in Australia and New Zealand that establish clear employment terms and conditions in compliance with relevant labour laws and regulations in each jurisdiction.

## Criteria 4 – Actions taken to assess and address Modern Slavery risks

During the Reporting Period we have undertaken the following measures:

- commenced the review of our supplier engagement processes and principles;
- commenced the review of our operations and supply chains to identify the risks of modern slavery practices;
- commenced the review and update of our internal policies, including in respect to employment practices; and
- revised and updated our internal policies.

### Supply chain

During the Reporting Period, AVADA reviewed its operations and supply chains to identify the risks of modern slavery practices. During the review, AVADA considered whether it may cause, contribute or be directly linked to modern slavery practices, including assessment of the industry, geographical locations and the types of products and services it procures.

During the review AVADA investigated the supplier categories of fuel, vehicles and equipment to three levels as follows:

	Tier 1	Tier 2	Tier 3
Fuel	Retail Service Station (Aust/NZ)	Oil Refinery (Aust)	Crude Oil (Int'l)
Vehicles	Vehicle Dealer (Aust/NZ)	Vehicle Manufacturer (Int'l)	Component Supplier (Int'l)
Equipment	Equipment Distributor (Aust/NZ)	Equipment Supplier (Int'l)	Component Supplier (Int'l)

Tier 1 – Suppliers typically provide finished goods and services, predominantly in a retail environment.

Tier 2 – Suppliers are typically manufacturers or secondary suppliers.

Tier 3 – Suppliers are typically component suppliers or primary/raw material suppliers.

AVADA will continue over the next reporting period to engage with suppliers to further understand the risks of modern slavery practices within AVADA Group's supply chain (particularly as it relates to international suppliers and their international sources) and where necessary take appropriate action to reduce and mitigate those risks.

AVADA will investigate and consider whether it would be appropriate to engage external support to undertake a further assessment of AVADA Group's supply chains, processes and practices where there is concern in appropriately identifying and evaluating its modern slavery risks, particularly through international suppliers.

## Internal policies

The risk of modern slavery in our operations and supply chain are further mitigated by our suite of internal policies (summarised below) which is designed to safeguard our employees and actively encourage them to raise any ethical or legal concerns they may have. We regularly review existing policies, procedures, and working documents to ensure they address appropriate standards of professional conduct, responsible business fundamentals, including human rights and ethics.

Policy	Purpose
Corporate Governance Charter	AVADA Group's framework to establish accountabilities and governance requirements through the organisation.
Anti-corruption and Anti-bribery Policy	Sets out AVADA Group's commitment and standards to preventing bribery and corrupt practices, and outlines the AVADA Group's management of gifts and benefits.
Whistleblower Policy	Sets out AVADA Group's commitment to doing business in an open and accountable way through supporting a culture of honest and ethical behaviour, together with the processes and procedures for the disclosure, investigation and resolution of certain suspicious activity or wrongdoing and the guidelines for the support and protection of individuals who wish to raise concerns about such suspicious activity or wrongdoing.
Diversity Policy	Sets out AVADA Group's commitment to fostering a corporate culture that embraces diversity, including the composition of its Board and senior management. The policy also provides a process for the Board to decide measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

## Actions planned for FY24

In the next reporting period, AVADA Group is committed to building upon progress made in our first reporting period, including:

- Conducting a more detailed review of our operations and supply chain to better identify modern slavery risks in our operations and supply chain including engagement of service providers to undertake third party assessment of the supply chain where appropriate;
- Adopting a Modern Slavery Policy that establishes our commitment to reducing the risk of modern slavery practices within our supply chains and operations and that reflects our assessed risk;
- Review of Attorney General's 'Report of the statutory review of the Modern Slavery Act 2018 (Cth)' released on 25 May 2023 and any consider any implications on our modern slavery risk management and reporting; and
- Developing formal goal setting and assessment processes to monitor performance in future reporting periods.

## **Criteria 5 – Assessing the effectiveness of our actions**

During the reporting period, we commenced the process of better understanding our modern slavery risks and how such risks may be present in our operations and supply chains. At this early stage of integrating governance and management functions across the AVADA Group, and following a number of strategic acquisitions since incorporation in 2021, we have not adequately assessed the effectiveness of the measures we have undertaken in this Reporting Period.

To date, our focus has been on strategic acquisitions and their integration (including the two acquisitions of traffic management companies during the Reporting Period) and we are working on developing frameworks and processes for future reporting periods to ensure we can review the effectiveness of the actions we are taking to assess and address modern slavery risks in our operations and supply chains.

## **Criteria 6 – Consultation process**

This Statement has been made on behalf of AVADA Group Limited and its controlled entities.

AVADA's controlled entities are wholly owned and controlled by AVADA Group Limited, and all operate in the same sector. Accordingly, AVADA did not consider that formal consultation with its controlled entities was necessary or useful in preparing this Modern Slavery Act Statement. AVADA Group Limited and its controlled entities are treated as one operational entity from a corporate governance perspective and each of the controlled entities is covered by AVADA's policies, procedures, and systems, including those relating to human resources, contracts and contractor management, and procurement. AVADA intends on revisiting the process of consultation with its controlled entities in subsequent reporting periods.

## **Criteria 7 – Other relevant information**

Relevant information has been included within the above criteria as appropriate.

## **Criteria 8 – Approval**

This Statement was approved by the Board of AVADA Group Limited on 20 December 2023.



Daniel James Crowley

Managing Director & Chief Executive Officer