



MAINBRACE
CONSTRUCTIONS

MODERN SLAVERY STATEMENT

FY22

**WE ARE RETAIL
SPECIALISTS**

MODERN SLAVERY STATEMENT FY22

INTRODUCTION

A fundamental strategy of our business is the creation of shared value and in doing so we acknowledge the potential for any of the eight types of serious exploitation defined in the Act to occur in our operations and extended supply chains. We understand and accept our continuing obligation to assess and address these risks.

The statement is issued in compliance with the Modern Slavery Act 2018 (Cth) (the Act) requirement to report on the risks of modern slavery in our operations and supply chains for the reporting period of 1 July 2021 – 30 June 2022.

REPORTING ENTITY

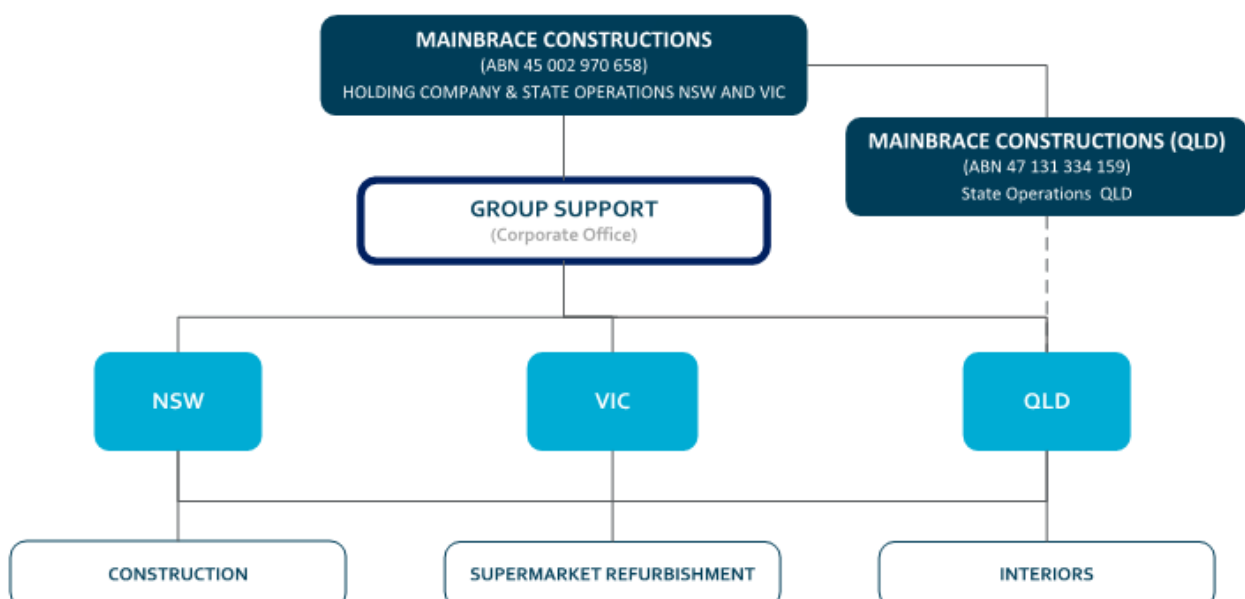
The reporting entity is Mainbrace Constructions Pty Limited (ABN 45 002 970 658) and its wholly owned subsidiary Mainbrace Constructions (QLD) Pty Limited (ABN 47 131 334 159).

Mainbrace Constructions Pty Limited and Mainbrace Constructions (QLD) Pty Limited both operate in the retail sector of the construction industry. Both companies have shared ownership and directorship, a shared corporate office (Group Support), shared systems, policies and processes and many shared suppliers. Accordingly, all reports of actions to assess and address modern slavery have been consolidated for both entities in this statement.

STRUCTURE, OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY

Mainbrace is a retail construction specialist having successfully completed more than 1,700 projects over the past 33 years with a consolidated revenue of \$306,536,000 in FY22.

Mainbrace’s Organisational Structure is as outlined below:



There are three main construction divisions within the business:

Construction

Retail construction is the core of our business. The division encompasses a wide range of projects from large format retail to supermarket rollouts, to refurbishment of existing retail centres, to retail logistics and new greenfield retail centres.

Supermarket Refurbishments

A specialist division focussing solely on the refurbishment of supermarket spaces. From the inception of our business, we have successfully delivered on-time over 600 supermarket refurbishments in the last 33 years, operating in a live trading environment without compromising safety, hygiene or quality.

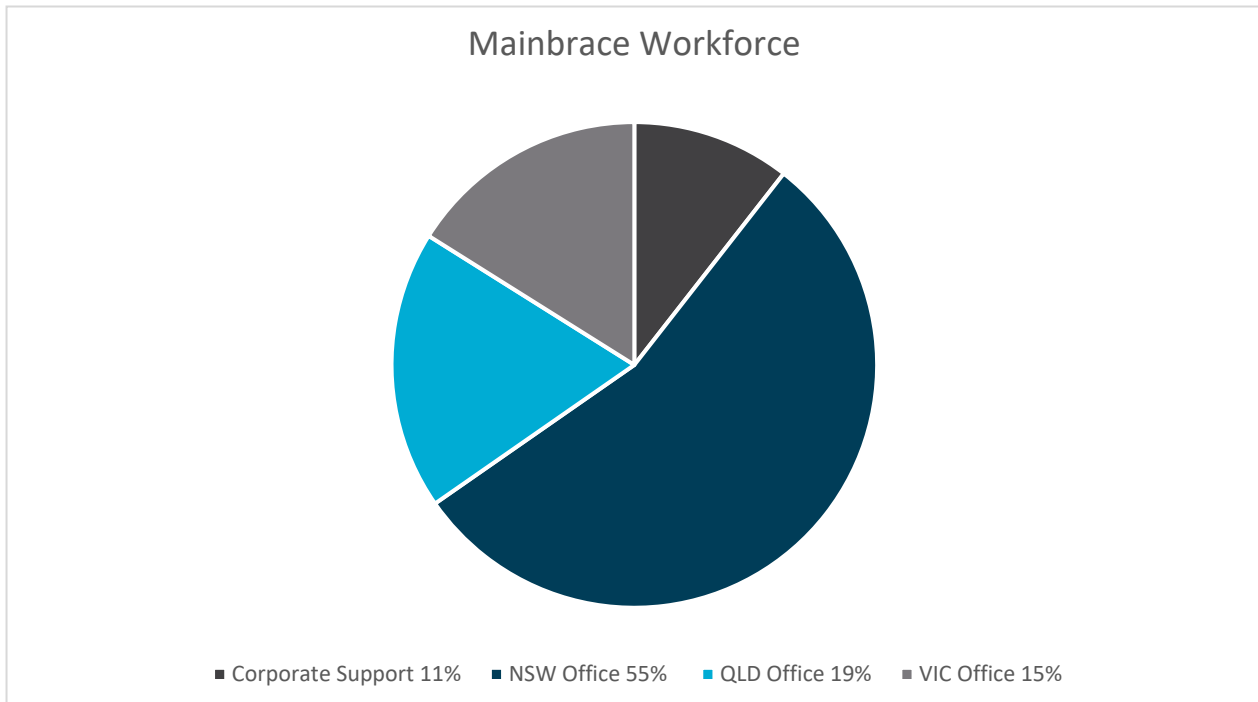
Interiors

Interiors is essentially our small works division focusing on internal changes and upgrades to shopping centres including new shop fit-outs, rebrands, centre amenity upgrades and many other smaller works within complex trading environments.

Our People

Mainbrace employs approximately 199 people, over 99% of which reside in Australia and 95% of which are permanent salaried employees with the remainder employed under Industry awards and agreements.

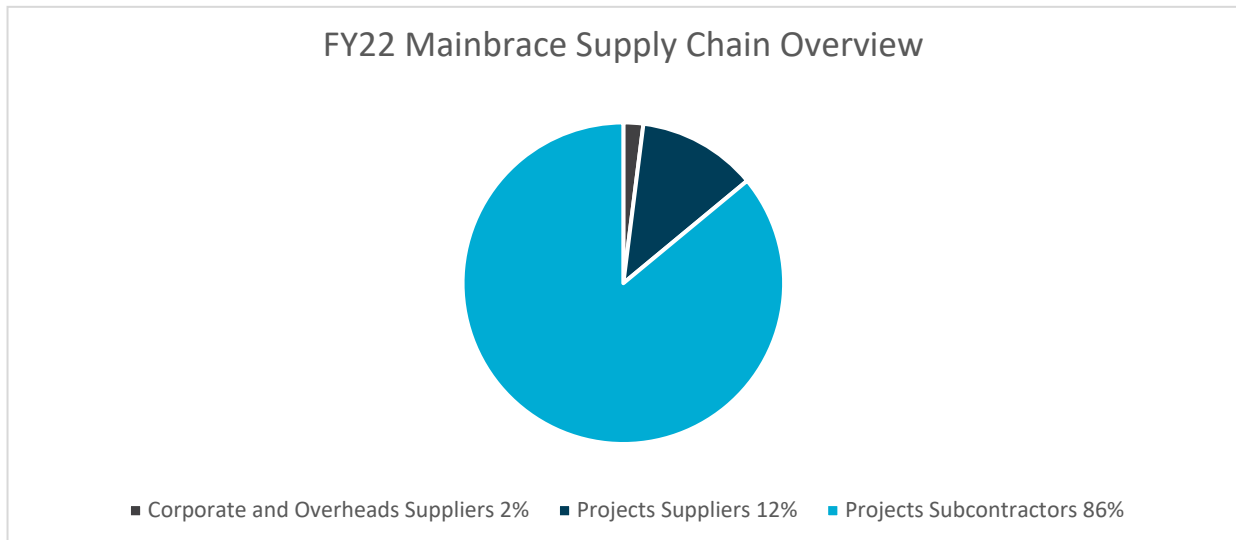
The distribution of the workforce across the business is as follows:



Supply Chain Procurement

Mainbrace as a head contractor manage the construction process and is largely dependent on our suppliers and subcontractors to procure the goods and services used directly and indirectly in our business.

In FY22 our supply chain consisted of 2,195 Australian based entities distributed across the business as follows:



The median spend with a supplier in our supply chain amounted to \$12,399.69 + GST and the average spend of \$118,006.33 + GST.

Group corporate procurement consisting of our offices, consumables, equipment and technology totalled 2% of our supply chain spend with our projects under construction amounting to 98% of our spend.

All subcontractors and suppliers where goods and services were procured by Mainbrace in FY22 were Australia based. Nonetheless we recognise that our supply chain extends overseas and with that the higher propensity for modern slavery practices to exist.

To maintain the integrity of our operations, Mainbrace employ a documented procurement procedure incorporating supplier performance management processes. This multi-level approval process ensures what is supplied meets the expectation of our business and is fit for their intended purpose.

RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS

Due to the nature upon which our direct employees are engaged there is no risk of modern slavery in this element of our operations.

Determining the risk and extent of modern slavery practices in our greater supply chain is challenging due to the lack of transparency in any extended supply chain and the underground nature of modern slavery practices. The challenge is further compounded by the complexity of the extended supply chains and data limitations.

The Global Slavery Index 2018 provides that the top five imported products into Australia at risk of modern slavery are electronics, garments, fish, rice and cocoa. Of the five, only electronics and garments feature in our supply chain. However, we additionally acknowledge that there will be numerous other products

ultimately procured from overseas markets which could have been produced by labour working in unregulated labour conditions.

The extended labour resources used in our operations and the physical construction process on our projects present a very low risk for the existence of modern slavery practices. Notwithstanding this fact there are certain trades in the construction industry such as cleaning, security and general labour hire in which low skilled, unskilled and temporary workers are employed that potentially present a higher risk of engaging in modern slavery practices.

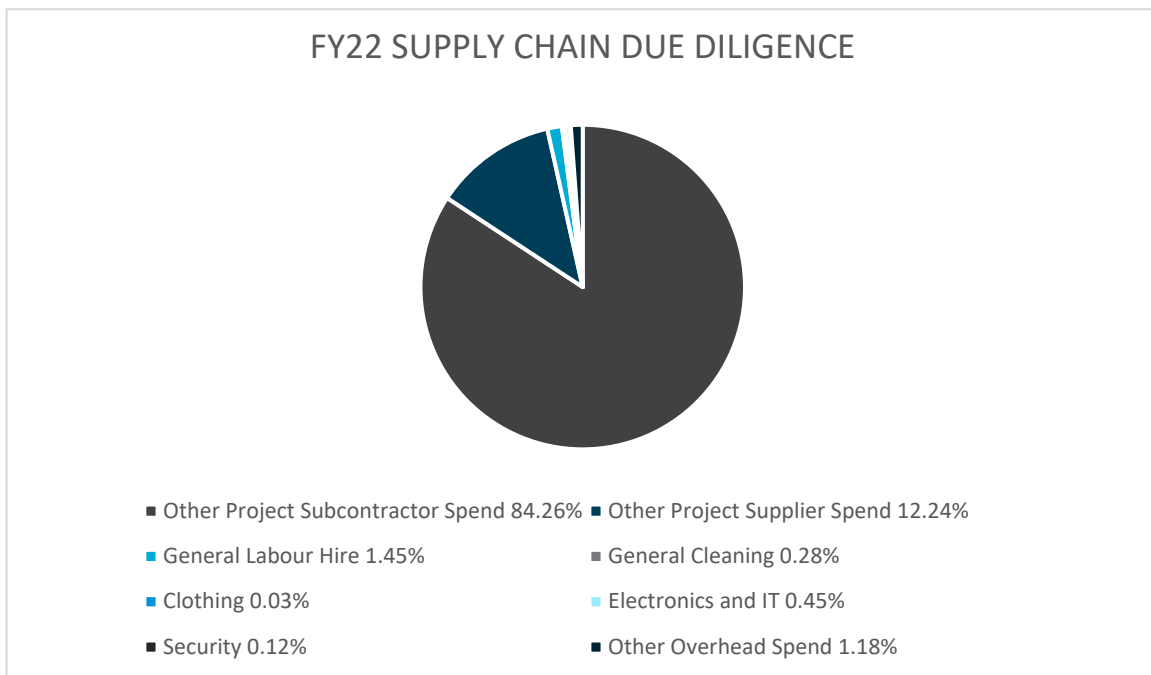
ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISK OF MODERN SLAVERY PRACTICES

Due Diligence

In our previous statements we outlined our commitment to focus our resources where we could influence change with our larger immediate suppliers and also target those areas of our supply chain considered to potentially pose a higher risk for the existence of modern slavery practices.

To ensure our strategy remains current it was necessary to again in FY22 consider our supply chain and our spend data.

The resultant cost data provided the following:



While we acknowledge that modern slavery has the propensity to exist anywhere in our supply chain, from this macro perspective there was a lesser risk of modern slavery practices being employed in 96.49% of our FY22 supplier spend with only 3.51% of our spend representing potentially high-risk suppliers.

In comparison to FY21 our spend on potentially high-risk suppliers increased from 3.05% to 3.51% but is predominantly in our investment in electronics and IT in this financial year using the same suppliers.

The actions taken in FY22 to address supply chain risk are described in the next section.

Actions Taken

Supply Chain Risk Assessment

In order to assess the potential risk of modern slavery practices existing in our immediate supply chain and our higher risk suppliers we have continued to use our modern slavery questionnaire to educate our supply chain on modern slavery and to assess their policies and procedures in relation to modern slavery.

In comparison to our findings in FY21 we have found:

Key Findings

- The participation rate in the completion of our questionnaire remains similar at circa. 70%;
- our immediate supply chain's obligation to report under the Act continues to be low;
- the vast majority of new suppliers who participated in our questionnaires were not aware of the Act;
- visibility, verification and monitoring of modern slavery risk in our supply chain continues to be generally low.

Recommendations

- Continue to use our procurement process to educate our direct supply chain on the intent of the Act.
- Implement an internal audit process to ensure that all new suppliers complete our modern slavery questionnaire prior to any works being awarded.

Modern Slavery Awareness Training

General awareness training continues to be undertaken with specific training on our procurement policies and procedures to address modern slavery provided to new members in our procurement teams.

Procurement Policies and Procedures

The methodology used to procure goods and services on our projects was refreshed in FY21 and continued to be employed in FY22 to educate our primary supply chain on the risks of modern slavery and to contractually obligate them to assess and address modern slavery risk.

Governance Policies and Human Resources Policies

Having published our Modern Slavery Policy and Code of Conduct and our Modern Slavery Whistle Blower Policy in FY21 we subsequently completed a thorough review of our current Governance and Human Resources policies to identify how they can be modified to address modern slavery risk in our operations.

Remediation Process

To date we have not yet identified, nor have we yet been made aware that our business practices have caused or contributed to modern slavery. Should an instance become known we will cooperate in the investigation of the circumstances and partake in the remediation of the impact in accordance with The UN Guiding Principles.

ASSESSMENT OF THE EFFECTIVENESS OF OUR ACTIONS

As a business operating solely in Australia and as such in an environment in which there is a low risk of modern slavery practices existing we have determined that our actions to date have been effective in promoting modern slavery awareness within our business, amongst our primary suppliers and amongst our higher risk suppliers.

From the course of our actions to date we have determined that we must again continue with the promotion of modern slavery general awareness and education in order for our supply chain to effectively assess and address the risk of modern slavery in their own business's and subsequently in the extended supply chain.

PROCESS OF CONSULTATION

To ensure our business operations align with our modern slavery obligations consultation continues with senior management involved in the operations of the business.

From an industry consultation perspective we approached our industry partners on two fronts. Firstly we collaborated with a number of our long-term repeat clients and their consultants on how we may jointly mitigate the risk of modern slavery in our construction operations.

Secondly, we collaborated with our industry peers in our collective Track & Trace (T&T) Consortium Project. The intent of the project was to track and trace the supply chain of common suppliers in the Construction Industry across areas of high-risk based on spend and likelihood including structural steel, electrical instruments and components and heavy machinery.

Using a self-assessment questionnaire, the T&T project engaged with 22 Tier 1 and 6 Tier 2 Australian-based suppliers. Despite circa. 200 points of direct outreach over the period only 8 suppliers successfully completed the questionnaire with information provided on a further 14 indirect suppliers.

The data revealed:

- a marked disparity between the initial assessment of risk by country (low) and the risk by industry (medium-to-very high);
- a shift in understanding of assumed risk among 8 Australian-based suppliers to the reality of sourcing from 14 suppliers, from 17 countries in 85 locations; and
- none of the respondents provided any CSR audit accreditation to validate minimum wage levels.

The T&T project highlighted the value of a stakeholder-based approach to assessing modern slavery risk with the integration of supplier training, policy development and the establishment of mechanisms to measure the impact of our approach.

OTHER RELEVANT INFORMATION - CONTINUOUS IMPROVEMENT

Our modern slavery strategy is built on progressive leadership within our business to increase awareness of the issue which together with a framework of continuous improvement in our policies and processes and the on-going education and training of our employees will together serve to exclude modern slavery practices from our operations and supply chains.

Over the FY23 financial year our key actions will be to:

- continue to increase our supply chains awareness of the risk of modern slavery practices by educating our primary supply chain on what is modern slavery and by providing them with access to modern slavery resources so that they in turn can assist in assessing and addressing the potential for modern slavery practices in the extended supply chain;
- continue to promote the completion of our modern slavery questionnaire across our primary supply chain so that they can assess their policies and procedures in relation to modern slavery risk;
- continue to develop our governance and human resources policies and procedures to reduce the likelihood of modern slavery practices in our operations;
- continue to promote our modern slavery whistle-blower policy in all our workplaces;
- continued education of our team about modern slavery, the risks and their obligations should they encounter possible cases;
- continued learning, consultation and collaboration with our Industry peers and other stakeholders in addressing modern slavery; and
- consider the outcomes of the Australian Government's statutory review of the Act's operation and compliance when published.

APPROVAL

The Board of Mainbrace has approved this joint statement on behalf of Mainbrace Constructions Pty Limited and Mainbrace Constructions (QLD) Pty Limited on 14 December 2022.



Michael Witts

Director