

MODERN SLAVERY STATEMENT

FINANCIAL YEAR 2019/2020



ADCO

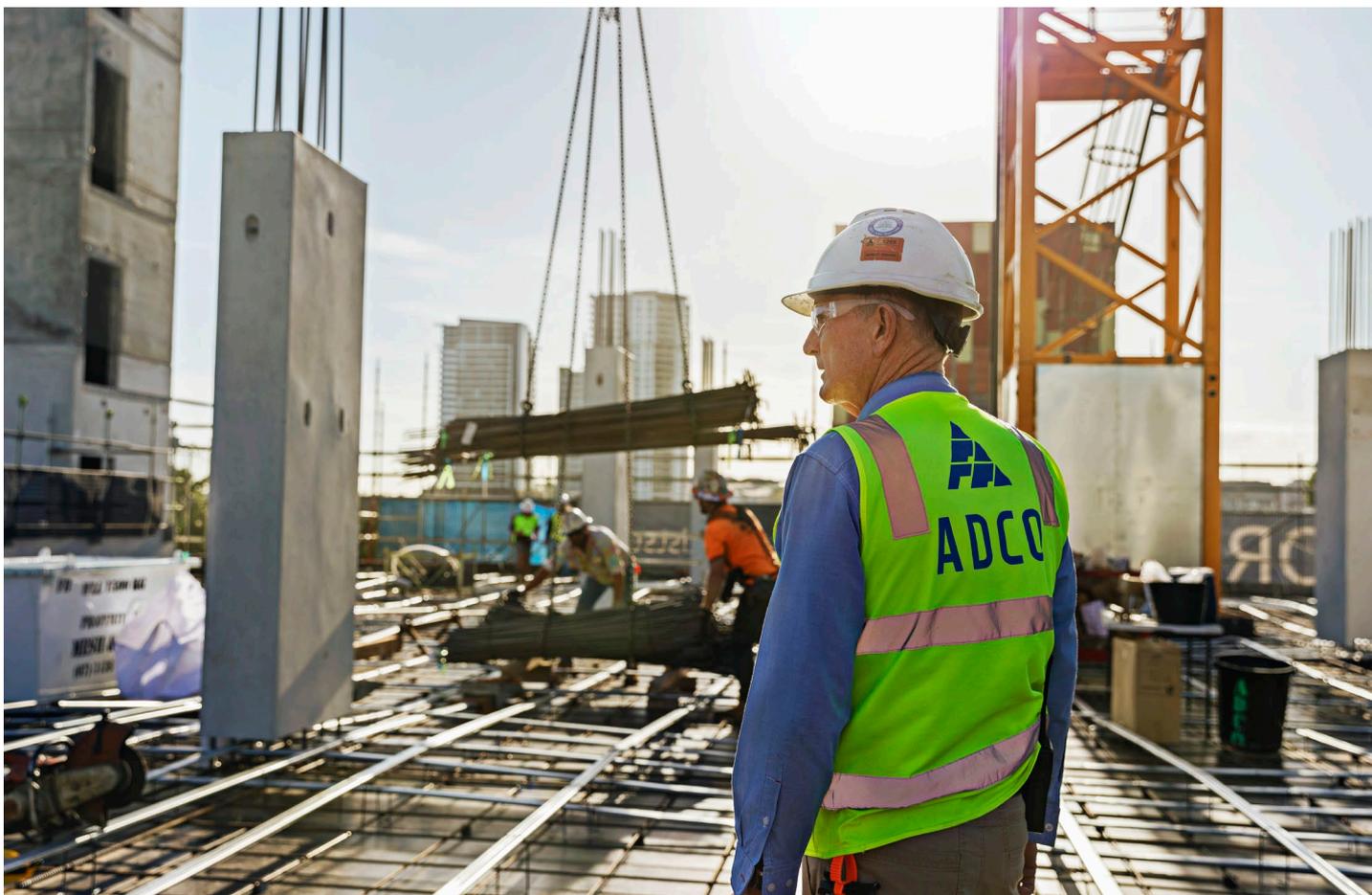
PEOPLE WHO BUILD

INTRODUCTION

At ADCO, we are committed to operating with integrity and to the highest ethical standards. We have a proud culture of delivering quality construction and enjoy a rich history of working with our trade partners and supply chain to make a positive impact on our projects and society in general.

We recognise that modern slavery is a global issue impacting millions of people. We also acknowledge our responsibility as part of a global supply chain, and we know that joining the broader community to combat modern slavery will help drive down the risks of modern slavery in supply chains across borders.

We are committed to ensuring that the risks of modern slavery practices in our operations and supply chains are identified and remediated.



OUR BUSINESS

ADCO is an Australian, family-owned group of construction companies with a national business comprising five offices throughout Australia, servicing clients in New South Wales, Queensland, Victoria, ACT, South Australia and Western Australia. ADCO employs close to 500 people nationally. Our construction activities extend across retail, education, commercial, government, defence, rail infrastructure, health and aged care, leisure, aquatic and community markets. Our projects are delivered via early contractor involvement, design and construct, managing contractor, and traditional construction methods of procurement. Our national presence ensures we can deliver projects from \$1 million to \$200+ million, anywhere in Australia.

Since our beginnings in 1972, ADCO has been steered by family values, trust, honesty and integrity. We are firmly committed to the high-quality delivery of our projects, to fulfilling our clients' aspirations and goals and to the development of our people. These foundations

have built our legacy – we have delivered over 3,500 projects valued in excess of \$14 billion and our annual revenue is approaching \$1 billion.

We aspire to be the 'Builder of Choice' for our clients, to be good industry partners to our consultants, contractors and suppliers, and to exercise high standards of corporate social responsibility in the wider community. We also support a culture of safety and respect for workers through robust human resources systems, including new employee onboarding and induction, and regular reviews of employment agreements, salary arrangements and workplace policies. We are committed to providing an inclusive and diverse workplace where employees and others in the workplace feel supported and are treated equitably, fairly and with respect.

We are proud to be one of Australia's top 100 private companies.



GOVERNANCE AND STRUCTURE

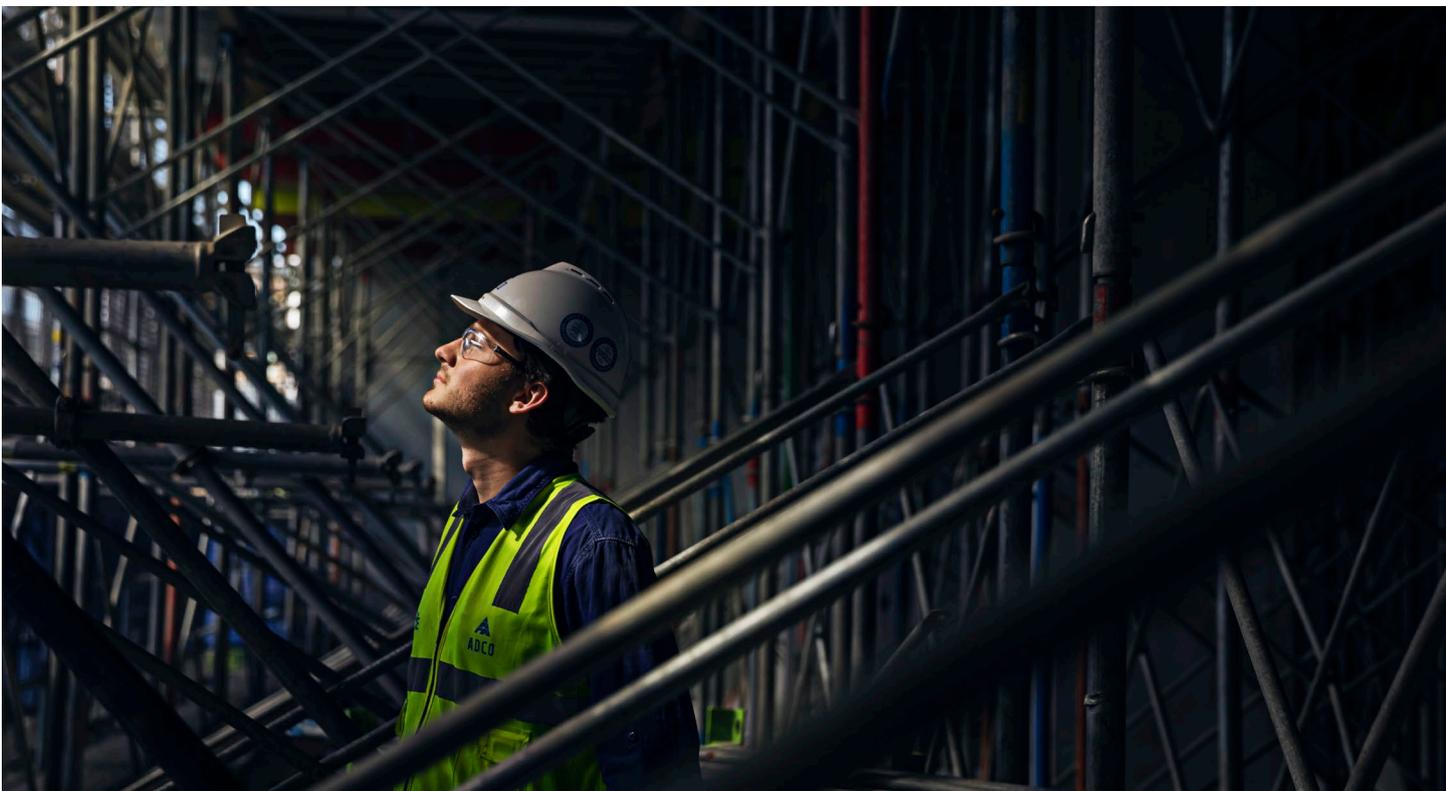
ADCO comprises the following primary entities, with each entity registered in Australia and governed by a board of directors:

- RJH Holdings Pty Limited ACN 001 203 256, the sole shareholder of ADCO Constructions Pty Ltd;
- ADCO Constructions Pty Ltd ACN 001 044 391, our building and construction business which undertakes projects in Queensland, New South Wales and Western Australia;
- ADCO Group Pty Limited (formerly ADCO Constructions (Vic) Pty Ltd) ACN 094 531 272, our building and construction business which undertakes projects in Victoria and New South Wales, and which is a subsidiary of ADCO Constructions Pty Ltd; and
- ADCO Developments Pty Ltd ABN 81 001 203 292, a private development business and subsidiary of RJH Holdings Pty Ltd.

This joint statement is issued by ADCO Constructions Pty Ltd and covers RJH Holdings Pty Limited, ADCO Constructions Pty Ltd and ADCO

Group Pty Limited. References in this statement to **ADCO** or **ADCO Companies** are references to the three reporting entities and the entities they own and control. The ADCO Companies have a board of directors chaired by Judith Brinsmead, with strategic support provided by additional external advisory board members.

The national construction business is delivered through ADCO Constructions Pty Ltd and ADCO Group Pty Limited and is managed by our CEO, Neil Harding, supported by an executive leadership team and State-based business unit leaders. RJH Holdings Pty Ltd provides corporate support, however, the majority of day to day operations are carried out by ADCO Constructions Pty Ltd and its subsidiary ADCO Group Pty Ltd. Importantly, the majority of ADCO's supply chain is managed by these two entities.



OUR SUPPLY CHAIN

ADCO has a large direct employee base, with those employees fulfilling varied roles such as estimators, construction managers, project managers, contract administrators, design managers, site managers, site foremen, safety managers and construction workers. ADCO also engages a large number of subcontractors, suppliers and service providers to deliver the physical works for our projects. ADCO procures (directly and indirectly) a variety of goods and services from these subcontractors, suppliers and service providers.

Our supply chain includes procurement for direct project delivery (which accounts for the vast majority of our supply chain), together with procurement for our broader business operations. So far as the direct project delivery is concerned, procurement through subcontractors is the largest segment of our supply chain, typically representing 75% to 80% of total project delivery cost. Works undertaken by subcontractors are

usually delivered on a “supply and installation” basis (i.e. materials and labour combined), with the material supply component typically representing 40% of those subcontractor costs and labour accounting for 60%.

In addition to works undertaken by subcontractors, ADCO procures certain goods direct from suppliers (“supply only”) and the provision of services by service providers, such as design consultants. These elements typically represent approximately 10% of total project delivery cost.

The balance of the project delivery costs (approximately 10%) relates to the management, supervisory and other overhead costs necessary to facilitate construction works.

The nature and scope of the goods and services most frequently procured by ADCO as part of our project delivery costs are set out in the table below.



GOODS AND SERVICES - PROJECT DELIVERY

Description	Procurement Type	Scope
Civil works, including excavation and roadworks, and associated raw materials	Subcontract – Supply and Installation	Material supply, equipment, and labour
Piling works, shoring and foundation systems, including concrete and reinforcement	Subcontract – Supply and Installation	Material supply, equipment, and labour
Structural concrete works, including formwork, steel reinforcement, insitu concrete and precast concrete	Subcontract – Supply and Installation	Material supply, equipment, and labour
Reinforcement steel and concrete supply	Supply Only	Material supply and delivery
Masonry	Subcontract – Supply and Installation	Material supply, equipment, and labour
Brick and block supply	Supply Only	Material supply and delivery
Structural steel and metalwork, including structural steel erection and architectural metalwork	Subcontract – Supply and Installation	Material supply, equipment, and labour
Roofing, including steel roof sheeting and insulation	Subcontract – Supply and Installation	Material supply, equipment, and labour
Façade cladding systems, including light steel framing, aluminium panelling, fibre cement panelling, aluminium louvres	Subcontract – Supply and Installation	Material supply, equipment, and labour
Façade glazing systems, including aluminium framing and glazing and curtain walling systems	Subcontract – Supply and Installation	Material supply, equipment, and labour
Internal partitions, ceilings and linings, including light steel framing, timber framing, plasterboard linings, lightweight ceiling grids, pre-finished ceiling tiles, acoustic linings and pinboards	Subcontract – Supply and Installation	Material supply, equipment, and labour
Timber doors and metal door frames	Subcontract – Supply and Installation	Material supply, equipment, and labour
Carpentry and joinery, including cabinetry and office workstations	Subcontract – Supply and Installation	Material supply, equipment, and labour
Electrical, Mechanical, Hydraulic, Fire, Audio Visual and Security Services including all wiring, components, pipework, fixtures and fittings, and specialist equipment and technology	Subcontract – Supply and Installation	Material supply, equipment, and labour
Vertical Transport Services, including lifts, escalators and travelators	Subcontract – Supply and Installation	Material supply, equipment, and labour
Floor and wall finishes, including carpet and vinyl, tiling and paving, and painting works	Subcontract – Supply and Installation	Material supply, equipment, and labour
Landscaping works, including external furniture	Subcontract – Supply and Installation	Material supply, equipment, and labour
Prefabricated modular buildings	Subcontract – Supply and Installation	Material supply, equipment, and labour
Loose furniture and whitegoods	Supply Only	Material supply and delivery
Fixtures and fittings, including door hardware	Supply Only	Material supply and delivery
Plant and equipment hire, including mobile cranes and tower cranes to facilitate construction work	Hire Only	Dry or Wet Hire (i.e. with or without an operator)
Scaffolding	Subcontract – Erect / Hire / Remove	Supply, erection, hire and dismantling
Environmental Services, including removal and recycling of building construction waste	Subcontract – Hire and Remove	Delivery and removal of construction waste bins
Site Fencing and Hoardings	Subcontract – Hire and Remove	Supply, erection, hire and dismantling
Branded site signage and shade cloth	Supply Only	Material supply and delivery

ADCO also procures additional goods and services to facilitate the overall operation of our business. The goods and services procured by ADCO as overhead costs for project delivery and for general operations include the following:

- **Information and communications technology (ICT):** This includes computer hardware and software, cloud services, virtual data room services, virtual document exchange services, printers, audio/visual equipment and services; desk phones and mobile phones;
- **Corporate services:** The services that we use to maintain our offices, including leasing, office maintenance services, utilities, cleaning and security;
- **Hospitality and catering:** We procure hospitality and catering services for onsite and offsite events;
- **Professional services:** Our professional services include design and engineering services, taxation, external legal counsel, insurance, banking and financial services, consulting and professional and personal development, and welfare training programs;
- **Site and office consumables:** General site and office consumables for staff use, including stationery, amenities and kitchen area consumables;
- **Safety and other branded attire:** Personal protective equipment, including work boots, hard hats, safety glasses, ear protection, gloves, work pants and shirts, high visibility vests and clothing; and
- **Branded merchandise:** Special event branded merchandise and attire.

ADCO procures the vast majority of these goods and services for both our project and business operations from subcontractors, suppliers and service providers within Australia, but some of the goods we procure (including those which are provided by subcontractors on a supply and install basis) are sourced from overseas including China and Europe (e.g. Spain, Italy, Germany).

Known imports from China include steel products and façade systems, including aluminium framed and glazed façade systems, and some stone-based products. Imports from Spain, Italy and Germany include products such as vertical transport services (e.g. lifts/elevators), specialist electrical services componentry and equipment as well as wall / floor tiles.



MODERN SLAVERY RISKS

RISK FACTORS

ADCO considers that the following risk factors need to be considered in the context of our supply chains:

- **Category of service:** We have identified a number of sectors and industries within our operations and supply chains that may have a higher prevalence of modern slavery practices because of their characteristics, products and processes. These include services provided by migrant workers, transient / casual labour, low skill or labour hire contractors. For instance, certain fit-out and finishing trades which experience peaks and troughs in their labour force and/or where language communication barriers exist, provision of cleaning services, and shipping and freight services may have a higher risk of modern slavery practices, even in Australia.
- **Category of product:** We have identified risks associated with particular services or products because of the way that the service or product is produced, provided or used. These include construction materials we occasionally procure directly from China, such as façade glazing systems and structural steel.
- **Country of origin:** We have considered the risks posed by countries with poor governance, weak rule of law, or that are vulnerable to conflict. In terms of ADCO's direct procurement, the key geographical risk identified for the FY2019/2020 reporting period was the procurement of façade glazing systems and structural steel

from China. This, however, represented less than 0.3% of the \$670M expenditure by ADCO across our top 1200 subcontractors, suppliers and service providers. Further investigation is being undertaken directly with subcontractors and suppliers in FY2020/2021 to determine (to the extent possible) the country of origin for the goods procured by them, whether sourced directly from overseas or through local Australian based distribution chains, noting again the particular strength of China in global manufacturing and distribution.

- **Specific entity risks:** We have also considered whether there are any specific risks associated with a particular entity due to their poor human rights and labour practices record or poor governance structures. We have found no specific entity risks in that review.

We have identified these risk factors using information published by the Walk Free Foundation (the Global Slavery Index 2018) and the International Labour Organization (Report: Global Estimates of Modern Slavery: Forced Labour and Forced Marriage). These risk factors have, and will continue to, affect the risk methodology that we apply in our business.

RISKS IN OUR OPERATIONS AND SUPPLY CHAIN

During the reporting period, ADCO began mapping out our supply chain by identifying the top 1200 subcontractors, suppliers and service providers across our project and business operations by spend (i.e. the value of goods and services procured), capturing 300 in each of Queensland, Victoria, New South Wales and Western Australia. The 1200 identified suppliers represent a total value of \$670M for the reporting period.

This expenditure can be further broken down into:

- a. expenditure with subcontractors, who undertake the majority of onsite works on a supply and install basis (i.e. provision of labour and materials); and
- b. expenditure with suppliers and service providers who either supply materials directly to ADCO for incorporation into construction project works (i.e. supply only) or who provide a service associated with the works (e.g. design consultancy, legal services, statutory authority works or environmental services).

As indicated above, the majority of work undertaken on construction projects is performed by subcontractors. Indicatively, work performed by subcontractors accounts for approximately 75-80% of total project value, whilst an estimated 10% can be attributed to direct suppliers and

service providers. The balance of project value relates to supervision, supplementary labour, project management and other consumables and overheads provided or incurred by ADCO as a Head Contractor.

ADCO further analysed the subcontractor spend with a direct focus on subcontractors where expenditure in FY2019/2020 exceeded \$200K. This allowed us to hone-in on our medium-large scale subcontractor base. Expenditure within this group was in excess of \$560M representing 84% of the identified supply chain spend. The 84% was spread across 566 individual subcontractor entities. The remaining subcontractors in the sample (i.e. those below the \$200K threshold) accounted for just 7% of the identified supply chain spend.

Further investigations were undertaken into the nature of employment arrangements in place across the targeted 84% subcontractor spend (e.g. whether employees are engaged under an Enterprise Agreement, Modern Award or common law contract of employment). Each subcontractor was also assigned a preliminary risk assessment applying a Low (L) / Medium (M) / High (H) risk rating based on ADCO's direct knowledge of and experience with the entity concerned, the nature of the works usually carried out by the entity and the types of materials required for those works.



The analysis undertaken by ADCO identified that:

- a. 69% (by expenditure) of subcontractors in the sample engage their employees under an Enterprise Agreement registered with FWC;
- b. only three (3) subcontractors were allocated a Medium (M) risk rating (all others were assessed as Low (L) risk);
- c. the subcontractors identified as Medium (M) risk were attributed the higher risk profile on the basis that they were the only instances of direct overseas procurement by ADCO;
- d. all other subcontractors, suppliers and service providers are domestic Australian based entities;
- e. direct overseas procurement represented less than 0.3% of total spend by ADCO with our top 1200 subcontractors, suppliers and service providers; and
- f. direct overseas procurement by ADCO in each instance was from China and related to façade systems (on two (2) occasions) and structural steel (on one (1) occasion).

ADCO does not have specific reason to believe that any of the above noted Medium (M) risk entities have in fact engaged in modern slavery. They are identified only as part of our risk analysis for further consideration.

In respect of each of the 566 major subcontractor entities identified, ADCO also considered whether there was a product (e.g. imported material) risk associated with those works. ADCO will undertake further analysis of product risk in its supply chain as part of its reporting for FY2020/2021.

In addition to the above, a similar exercise was undertaken for suppliers and service providers,

however a lower expenditure threshold of >\$100K was adopted. This again allowed ADCO to hone-in on our medium-large scale suppliers and service providers. Expenditure within this group represents 7% of the identified supply chain, spread across 108 different suppliers and serviced providers. This includes design consultants (e.g. architectural and engineering disciplines), concrete and steel reinforcement supply, furniture supply, white goods supply, tile and stone supply, plant and equipment hire, site accommodation hire and waste management services. The remaining suppliers and service providers in the sample (i.e. those below the \$100K threshold) accounted for just 2% of the identified supply chain spend.

In each instance the direct supplier to ADCO is locally based, although ADCO recognises that some products (e.g. furniture, tile and stone supply) may have been imported by local distributors from various destinations overseas. All identified suppliers and service providers in this group were allocated a Low (L) risk rating.

On the basis that our subcontractors, suppliers and service providers are predominantly based in Australia and primarily involve professional trades carrying out building and construction activities, ADCO considers that the risk of modern slavery within our supply chain, based on geography, is relatively low.

Despite our suppliers being predominantly based in Australia, we acknowledge that other risks may arise because of the way the products we procure from our direct subcontractors and suppliers are produced or supplied. For example, further investigations would be necessary to determine risks associated with country of origin for imported goods provided to ADCO by our Australian based trade partners.

ACTIONS TAKEN

The key activities undertaken by ADCO in the FY 2019/2020 reporting period are outlined in the table below.

Phase	Action Undertaken
Reviewing & Planning	<p>Our initial phase commenced in early 2020 and involved:</p> <ul style="list-style-type: none"> - reviewing our corporate structure and determining our reporting approach; - identifying responsible teams and leaders, coordinating with the existing governance framework, reporting to senior management and the boards of each ADCO entity; and - preparing a Modern Slavery Action and Compliance Plan.
Scoping & Mapping	<p>Our initial mapping exercise involved:</p> <ul style="list-style-type: none"> - mapping out ADCO's structure, business/operations and supply chain (including the top 300 subcontractors from each state that ADCO has contracted with during the reporting period); and - ranking our suppliers according to contract spend.
Due Diligence	<p>Our approach to due diligence has involved developing our understanding and awareness of the modern slavery risks linked to our business.</p> <p>In this reporting period, ADCO has undertaken a preliminary supply chain assessment to identify and assess risk areas in our supply chain. This will assist us to target screening of new suppliers in these risk areas.</p>
Supplier Engagement	<p>We have reviewed our supplier engagement procedures and developed a supplier questionnaire aimed at assessing our suppliers' policies and labour practices. We intend to commence the rollout of this questionnaire in March 2021 via an interactive survey tool. We aim to continuously improve our engagement with suppliers to identify and manage our modern slavery risks.</p>
Remediation	<p>We enhanced several of our policies and procedures, including:</p> <ul style="list-style-type: none"> - the development and release of ADCO's Modern Slavery Policy. As part of our contracting processes, we require our suppliers, contractors and consultants to observe and comply with our Modern Slavery Policy. All suppliers are subject to a full and frank disclosure requirement and must notify ADCO of any breaches of laws relating to modern slavery; - review of our Whistleblower Policy to ensure that anyone who has concerns about an offence or breach of laws has a means of raising their concerns confidentially, which may include concerns regarding suspicions of modern slavery; and - updating our standard terms and conditions for contractors, consultants and suppliers to include provisions which expressly require contractors, consultants and suppliers to provide warranties that modern slavery practices do not exist in their supply chain, to utilise appropriate labour practices, and take to action to mitigate, remediate and reduce modern slavery risks identified in their supply chain. We also require the ability to investigate their supply chain in circumstances where modern slavery practices are identified.
Training	<p>Our employees are required to comply with our codes and policies which require them to act lawfully, ethically and with integrity, and which encourage them to raise compliance and ethics concerns. We have carried out training for our staff to help them understand and recognise the risks of modern slavery, and where it might arise in our business operations. This training included:</p> <ul style="list-style-type: none"> - awareness training for contract administrators, design managers, project managers, construction managers and state managers; and - targeted in-depth training for legal and compliance teams on the requirements under the Modern Slavery Act 2018 (Cth).

ASSESSING EFFECTIVENESS

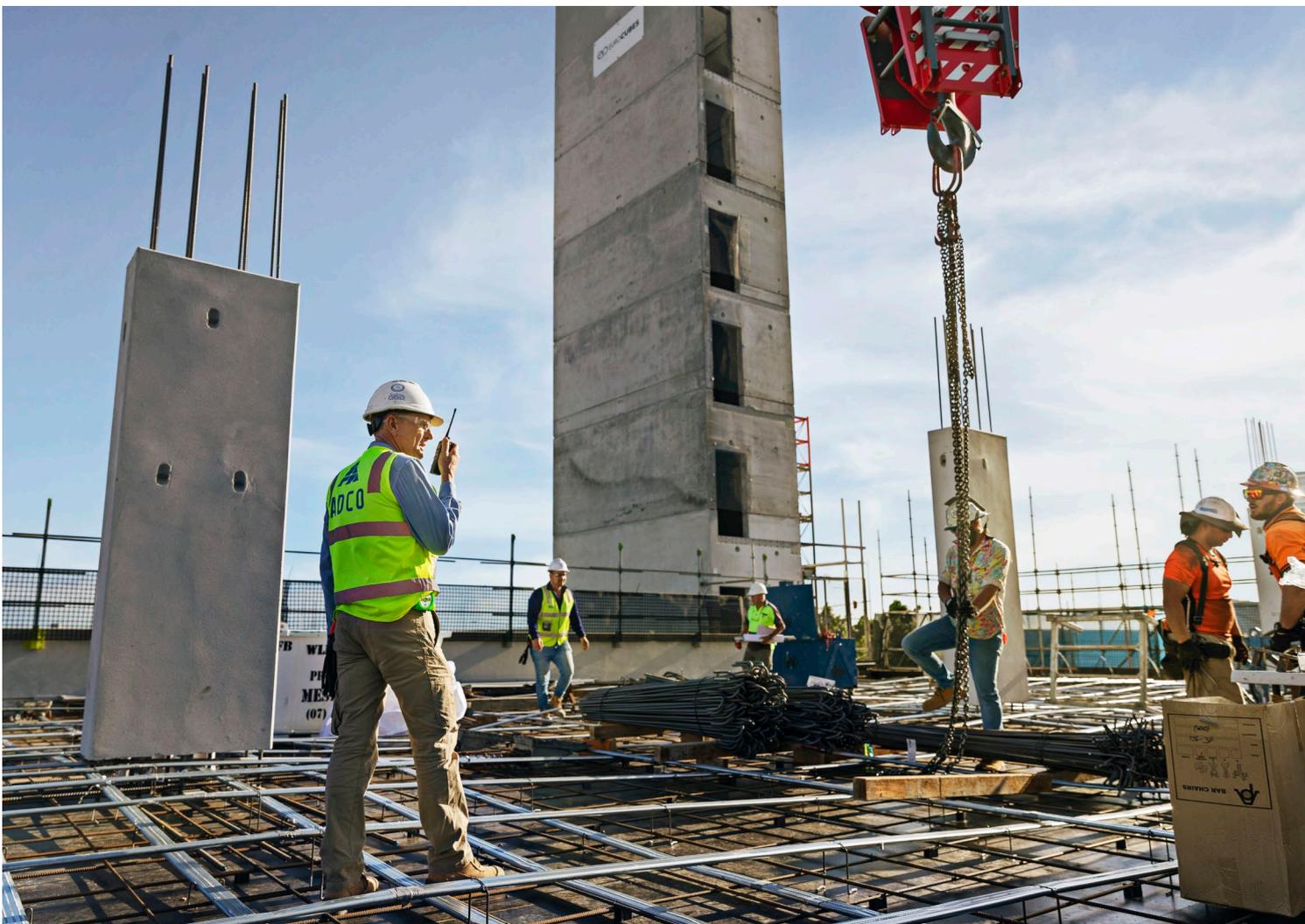
Our monitoring and assessment process is developing and the focus of this first reporting period has been to develop a framework to monitor the effectiveness of our actions to detect and mitigate risks of modern slavery in our operations and supply chain.

We will continue to review our modern slavery processes. We plan to measure our performance against several key performance indicators, such as:

- conducting an annual review of the risk assessment methodology;
- applying the risk methodology to our key suppliers on an annual basis;

- monitoring the number of personnel who have undertaken modern slavery training; and
- monitoring the number of suspected or identified modern slavery incidents in order to undertake the required remediation.

We will continue to grow our awareness and understanding of our supply chain so that we can strengthen our actions over the years to come.



CONSULTATION

ADCO Constructions Pty Ltd is responsible for ADCO's broader modern slavery and human trafficking initiatives, policies and procedures.

As the reporting entity with the greatest ability to influence the supply chain, ADCO Constructions Pty Ltd has prepared this joint statement with the support of ADCO's modern slavery working group. This group is comprised of directors and representatives from legal, IT, corporate governance and commercial procurement teams across the reporting entities. Members of the group have regularly engaged with our various business units, senior management, boards of directors, and key advisors to ensure each of our reporting entities were appropriately consulted.



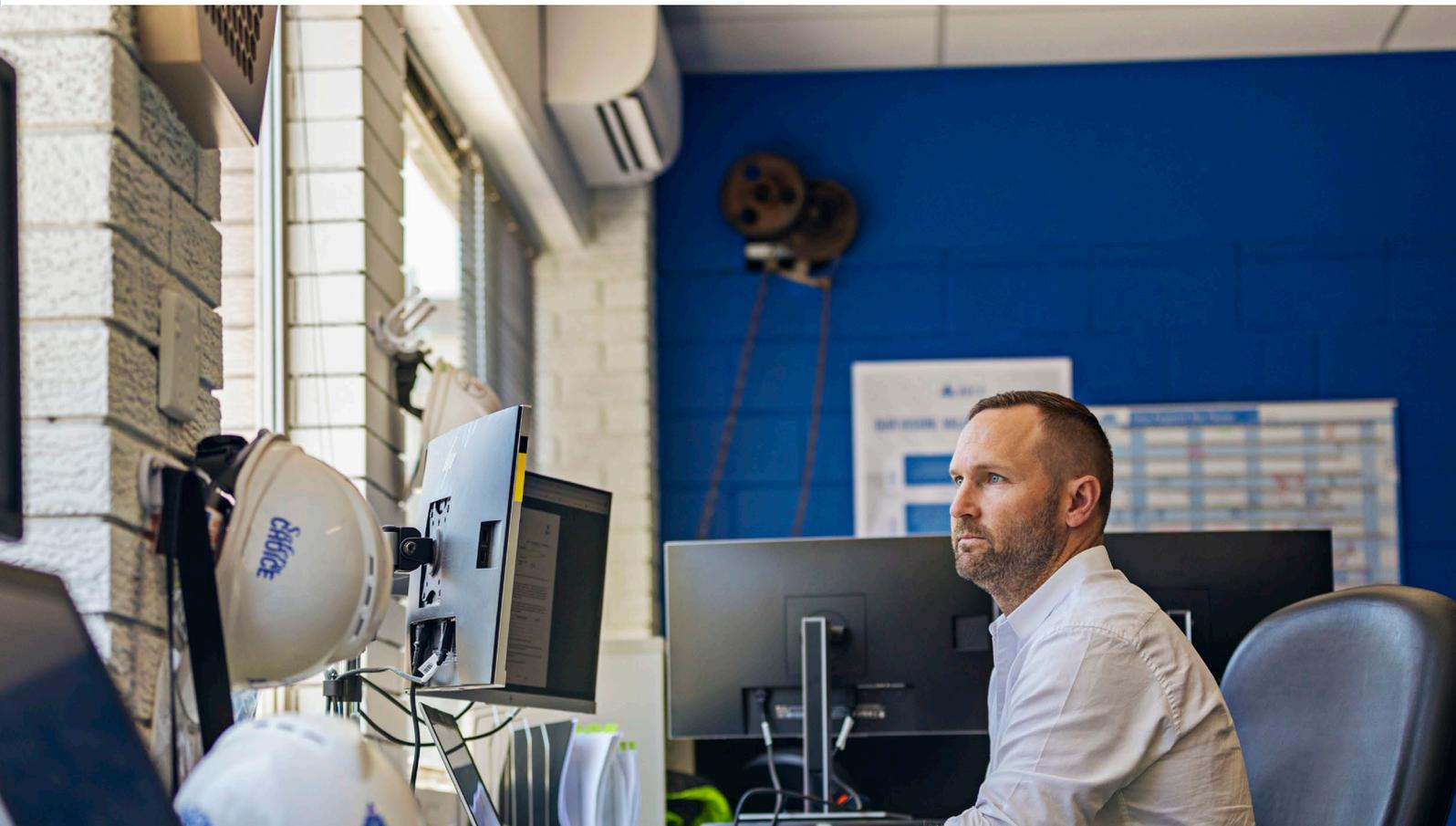
FUTURE ACTIONS

As this is our inaugural statement, we recognise there are further steps we can take to assess and address the risk of modern slavery in our operations and supply chain.

In FY 2020/2021, we are focusing on:

- a more comprehensive assessment of our supply chain to better understand and assess the modern slavery risks of our international suppliers and those suppliers for which there is a smaller category of spend;
- sending our supplier questionnaire to each of our key subcontractors, suppliers and service providers to further assess the risk in our supply chain;
- implementing key performance indicators to measure the effectiveness of our actions; and
- introducing a supplier code of conduct to complement our modern slavery policy and updated supplier terms.

We look forward to reporting on our progress in these focus areas in our next statement.

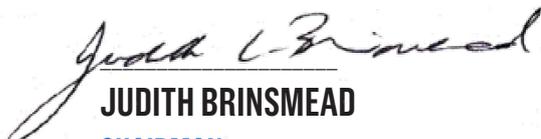


APPROVAL OF STATEMENT

This joint statement is issued by **ADCO Constructions Pty Ltd** (ACN 001 044 391) and covers **RJH Holdings Pty Limited** (ACN 001 203 256), **ADCO Constructions Pty Ltd** and **ADCO Group Pty Limited** (ACN 094 531 272), each being a “reporting entity” for the purposes of the Modern Slavery Act 2018 (Cth). References in this statement to “ADCO” or “ADCO Companies” are references to the reporting entities and the entities they own and control.

This statement has been prepared in accordance with the requirements of the Modern Slavery Act 2018 (Cth) and explains the actions taken by ADCO to assess and address modern slavery risks in our operations and supply chain during the reporting period from 1 July 2019 to 30 June 2020.

This statement has been approved by the Board of each of the reporting entities on 30 March 2021. Each Board has authorised Judith Brinsmead to sign this statement in her capacity as Chairman of the Board of each reporting entity.



JUDITH BRINSMEAD
CHAIRMAN

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