MADER

Modern Slavery Statement

FOR THE YEAR ENDED 30 JUNE 2020

MADER GROUP LIMITED
ABN 51 159 340 397

Modern Slavery Statement
30 June 2020

1. Introduction

This Modern Slavery Statement (**Statement**) is made pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**). This is the first modern slavery statement of Mader Group Limited ACN 159 340 397 (**Company**) under the Act. This Statement covers the operations and supply chains of the Company and its controlled entities (**Mader Group**).

The Mader Group recognises the importance of protecting human rights and addressing the risks of modern slavery in all its forms. This Statement sets out the actions the Mader Group has undertaken during the financial year ending 30 June 2020 (**FY20**) to identify and address the risks of modern slavery in its operations and supply chains. This Statement also outlines the actions proposed to be taken by the Mader Group in relation to modern slavery risks in the future.

2. The Mader Group

<u>Overview</u>

The Mader Group is a leading, global equipment maintenance provider, powered by mechanically minded specialists. The Mader Group provides premium heavy mobile equipment maintenance support and ancillary services to mining and civil clients throughout Australia, Asia, Africa and the Americas.

<u>Structure and Operations</u>

The Company is the ultimate parent company of the Mader Group. The Company is listed on the Australian Stock Exchange (ASX:MAD). All Mader Group entities operate under the direction and governance of the Company.

The Mader Group is headquartered in Perth (WA) and has regional offices in Kalgoorlie (WA), Brisbane (QLD), Hunter Valley (NSW), Ulaanbaatar (Mongolia), Solwezi (Zambia), Hong Kong (Hong Kong) and Fort Collins (USA). The Mader Group also has a workshop in Perth (WA).

The Mader Group has over 1,400 staff servicing customers in 17 countries spanning 4 continents, providing specialised contract labour for maintenance of heavy mobile equipment in the resources sector in Australia and internationally.

The Mader Group services a global network of 200+ mining and civil companies across more than 350 sites. Group revenue for FY20 was $273.5 million, comprising $246.9 million in Australia, $13.8 million in USA and $12.8m in all other countries.

<u>Supply Chain</u>

The Mader Group's supply chain for FY20 consisted of over 500 direct suppliers across a broad range of products and services. Key products and services the Mader Group procure includes vehicles, spare parts, fuel, tools and equipment for use in its operations, together with travel services, corporate and administrative services and IT services.

In FY20, total procurement spend of the Mader Group was over $39 million, of which around 87% was paid to Australian suppliers and around 13% was paid to international suppliers (principally in Asia, Africa and the Americas).

3. Modern Slavery Risks

The Mader Group recognises that modern slavery risks have the potential to exist in a businesses' operations and supply chains through a variety of circumstances. The following areas may be indicators of higher potential risk areas for modern slavery practices:

- *Geographic locations* – Certain countries are associated with a greater risk of modern slavery practices (for example, see the UN Global Slavery Index).

- *Industry sectors* – Certain industry sectors are deemed higher risk in international and national guidance documentation (for example, see the ACSI guide on Modern Slavery Risks, Rights & Responsibilities 2019).

- *Commodities/products* – Certain commodities and products are deemed higher risk in international guidance documentation (for example, see the ILAB's 2020 List of Goods Produced by Child Labour or Forced Labour).

The Mader Group believes the overall risk of modern slavery is low in its operations and direct supply chains. The Mader Group is taking the actions set out in this Statement to address modern slavery risks where they may potentially exist.

4. FY2020 Actions & Outcomes

The actions taken by the Mader Group in FY2020 to identify and address modern slavery risks are set out below:

a. *Risk assessment* – We completed a risk assessment of our operations and supply chains to identify potential modern slavery risks. This assessment was focused on direct suppliers and the largest suppliers by expenditure. No immediate concerns were raised as the majority of our largest direct suppliers are located in Australia. However, potential risk areas were identified in relation to smaller suppliers in countries and product categories considered to be higher risk for modern slavery (eg, Mongolia, Papua New Guinea, Zambia and Singapore) and products or services with higher instances of modern slavery practices (eg, cleaning services, clothing and consumables). These risk areas identified will be the focus of the Mader Group's future due diligence activities.

b. *Policy review* – We reviewed our existing framework of corporate governance policies and procedures to assess whether they adequately deal with modern slavery risks, including our Code of Conduct, Risk Management and Internal Compliance and Control Policy and Whistleblower Protection Policy. While our existing policies clearly promote honest, lawful and moral conduct consistent with maintaining human rights, we prepared a Modern Slavery Policy to specifically address modern slavery risks in our operations and supply chains. Our Modern Slavery Policy was adopted by the Board of the Company in FY21.

c. *Risk management framework* – We reviewed our approach to risk management across all areas of our business potentially affected by modern slavery risks, in particular our procurement processes and risk management procedures in place for engaging our direct suppliers. Areas of improvement have been identified including asking potential suppliers targeted questions around modern slavery risks in their businesses. We have begun implementing improvements to our risk management framework.

d. *Awareness & training* – Key stakeholders within the Mader Group's business were briefed on modern risks and how to mitigate such risks.

5. FY21 Actions

The Mader Group will regularly assess potential modern slavery risks in our operations and supply chains and work to continuously improve and develop our modern slavery risk mitigation measures.

Acknowledging that the effects of COVID-19 creates uncertainty and unique difficulties in respect of operations and supply chains, the Mader Group presently plans to take the following actions in FY21 to identify and address modern slavery risks:

a. *Risk assessment* – We will complete an updated risk assessment of our operations and supply chains to identify potential modern slavery risks, expanding on previous risk assessments to include smaller direct suppliers by expenditure, whilst generally looking to strengthen and refine this due diligence exercise to better target higher risk suppliers.

b. *Supplier engagement* – We will engage with our direct suppliers who have been identified as higher risk for modern slavery due to their industry sector or product category, including by sending such suppliers modern slavery questionnaires.

c. *Policy review* – We will review the implementation of our Modern Slavery Policy to consider its effectiveness in mitigating modern slavery risks in our business and supply chains as part of our broader framework of policies and procedures.

d. *Risk management framework* – We will complete an updated review of our risk management framework, including improvements made as a result of our FY20 review and focusing on our procurement processes in light of the potential modern slavery risks faced by our business.

e. *Contracting* – We will review our contract templates used to engage our direct suppliers and consider whether any updates are required to address modern slavery risks.

f. *Awareness & training* – We will continue to raise awareness to more of our staff on modern slavery risks and how to mitigate such risks.

6. Measuring Effectiveness

The Mader Group has undertaken a number of actions to date as set out in this Statement to identify, address and mitigate the risks of modern slavery in our operations and supply chains. The Mader Group is continuing to collect information regarding the modern slavery risks in our operations and supply chains.

The actions to be taken in FY21 as set out in this Statement are aimed at updating our modern slavery risk detection, assessment and mitigation strategies across our operations and supply chains and measuring the effectiveness of risk mitigation measures adopted by the Mader Group in FY20.

The Mader Group will explore further mechanisms to measure the effectiveness of our actions undertaken to address modern slavery risks.

7. Consultation with controlled entities

Each controlled entity in the Mader Group operates under the direction and governance of the Company. These entities were consulted in relation this Statement, the actions taken, and future commitments made in relation to modern slavery risks. The supply chains and operations of all controlled entities in the Mader Group were included in the risk assessment undertaken in FY20.

In accordance with section 14(1) of the Act, this Statement is given by the Company and covers the Company and the following reporting entities:

- Mader Contracting Pty Ltd (ACN 114 021 537)
- Mader Queensland Pty Ltd (ACN 611 004 552)

This Statement has been approved by the Board of the Company.

Justin Nuich
Executive Director & Chief Executive Officer
Mader Group Limited

Dated: 30 March 2021