

# CIVMEC MODERN SLAVERY STATEMENT 2022



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## INTRODUCTION

Pursuant to the Modern Slavery Legislation, modern slavery has a broad meaning that encompasses slavery, servitude, forced labour, and human trafficking. Civec Limited ("Civec" or the "Company") is a dual-listed public company on the Australian Securities Exchange (the "ASX") and Singapore Exchange Securities Limited (the "SGX-ST"). Civec and its subsidiaries (the "Civec Group", or the "Group") are committed to upholding the highest standards of integrity and ethical values, and believe that respecting and promoting human rights is one of the key ways to maintain and enhance its reputation, vision and values.

Civec Group, its board of directors (the "Board"), senior executives, and employees ("Civec People"), will take action to prevent any modern slavery activities within its operations and supply chains, and will not knowingly support or conduct business with any organisation involved in such activities.

## PURPOSE & SCOPE

This statement is a joint modern slavery statement on behalf of all reporting entities within Civec Group as listed below and will outline the steps Civec Group has taken to identify, monitor, review, and mitigate the risk of modern slavery.

The following table illustrates all controlled subsidiaries owned by Civec:

| Name of Entity   | Principal Activities                    | Country of incorporation | Equity held by the Group |        |
|--|---|--------------------------|--------------------------|--------|
|  |   |                          | 2021 %                   | 2020 % |
| <b>Held by the Company</b>   |   |                          |                          |        |
| Civec Construction & Engineering Pty Ltd*                              | Engineering and construction services   | Australia                | 100                      | 100    |
| Civec Construction & Engineering Singapore Pte Ltd**                   | Engineering and construction services   | Singapore                | 100                      | 100    |
| <b>Held by Civec Construction &amp; Engineering, Singapore Pte Ltd</b> |   |                          |                          |        |
| Civec-Mala PNG <sup>(1)</sup>  | Engineering and construction services   | Papua New Guinea         | -                        | 88     |
| <b>Held by Civec Construction &amp; Engineering Pty Ltd</b>            |   |                          |                          |        |
| Civec Holdings Pty Ltd*  | Asset holding company                   | Australia                | 100                      | 100    |
| Multidiscipline Solutions Pty Ltd*                                     | Asset holding company and labour supply | Australia                | 100                      | 100    |
| Civec Pipe Products Pty Ltd*   | Asset holding company                   | Australia                | 83.5                     | 83.5   |
| Civec Electrical and Instrumentation Pty Ltd*                          | Electrical services                     | Australia                | 100                      | 100    |
| Civec DLG Pty Ltd*   | Engineering and construction services   | Australia                | 100                      | 100    |
| Forgacs Marine and Defence Pty Ltd*                                    | Marine and defence services             | Australia                | 100                      | 100    |
| Civec Construction & Engineering Africa Ltd*                           | Asset holding company                   | Mauritius                | 100                      | 100    |
| Civec-Mala PNG <sup>(1)</sup>  | Engineering and construction services   | Papua New Guinea         | 88                       | -      |
| <b>Held by Forgacs Marine and Defence Pty Ltd</b>                      |   |                          |                          |        |
| Forgacs Valco Pty Ltd <sup>(2)</sup>                                   | Valve services                          | Australia                | 50                       | 50     |
| <b>Held by Civec Construction &amp; Engineering Africa Ltd</b>         |   |                          |                          |        |
| Civec Construction & Engineering Uganda Ltd*                           | Asset holding company                   | Uganda                   | 100                      | 100    |

\* Audited by Moore Australia (WA) Pty Ltd, Australia.

\*\* Audited by Moore Stephens LLP, Singapore.

<sup>(1)</sup> Ownership in Civec-Mala PNG was transferred from Civec Construction and Engineering Singapore Pte Ltd to Civec Construction & Engineering Pty Ltd on 4 September 2020.

<sup>(2)</sup> The company was deregistered on 15/08/2021.

Civmec People will collaborate with all stakeholders (including clients, contractors, suppliers, subcontractors, consultants and joint venture partners) to develop and implement management plans and procedures which aim to reduce the risk of modern slavery at its operations and supply chains, and ensure its compliance with the Modern Slavery Legislation.

For the avoidance of doubt, Civmec Group must always comply with all jurisdictional legal requirements regarding modern slavery, for example, Singaporean Prevention of Human Trafficking Act 2014, and if a particular jurisdictional requirement imposes a higher standard than is described in this statement, Civmec Group must comply with the higher standard.

## STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Civmec Group is a leading end-to-end provider of integrated, multi-disciplinary manufacturing, construction and maintenance services to the Oil & Gas, Metals & Minerals, Infrastructure and Marine & Defence sectors.

### OPERATING SECTORS



### OPERATING ACTIVITIES



The Group operates from its major offices and facilities located in Henderson and Newcastle, with regional facilities located in Gladstone, and Port Hedland.

Civmec Group has identified the residual risk of modern slavery in its operations as low. The Group monitors and addresses modern slavery issues in its operations and supply chains under various policies, including Code of Conduct, Equal Opportunity Policy, Local Industry Participation Policy, Modern Slavery Policy, and Sustainability Policy.

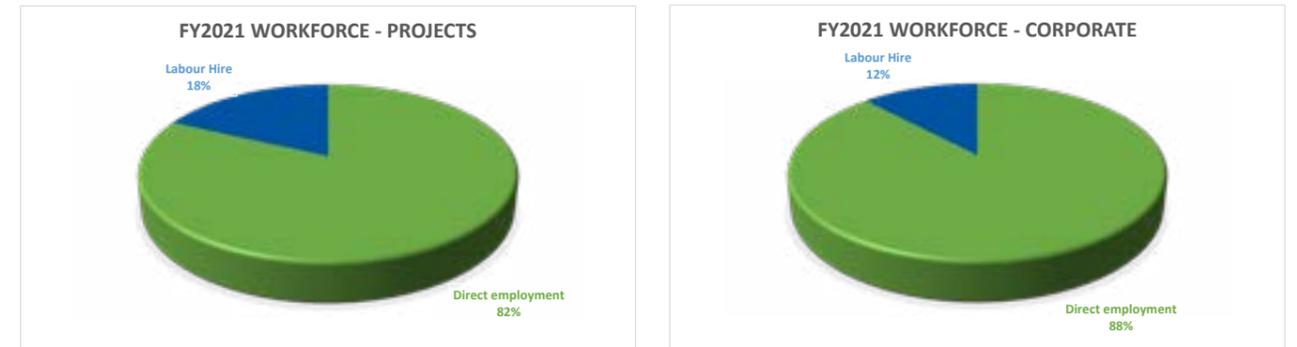


## IDENTIFYING THE RISKS OF MODERN SLAVERY PRACTICES

### Potential Risks of Modern Slavery Practices in Operations

In FY2021, the majority of Civmec's Group workforce is employed directly and on an employment contract which meets or exceeds the applicable employment legislation, including the National Employment Standards and Enterprise Agreement under the Fair Work Act 2009 (Cth). This direct engagement therefore will reduce the modern slavery risks within the Group's operations.

The following graphs illustrate the ratio of workforce engagement based on corporate and project levels:



Although the Group has imposed contractual terms and conditions regarding employment legislation and Modern Slavery Legislation for third-party labour arrangement, and conducted pre-qualification assessment to ensure the appropriate work rights and pay rates are in place for all workers through the mandatory disclosure processes; it has less direct visibility and control over the workers and their employment terms who are engaged by the labour-hire companies. While these are not necessarily indicating the existence of modern slavery practice within Civmec Group, the Group recognises there are potential modern slavery issues within the third-party labour arrangements and the vulnerable populations, which include excessive working hours, underpayment or non-payment.

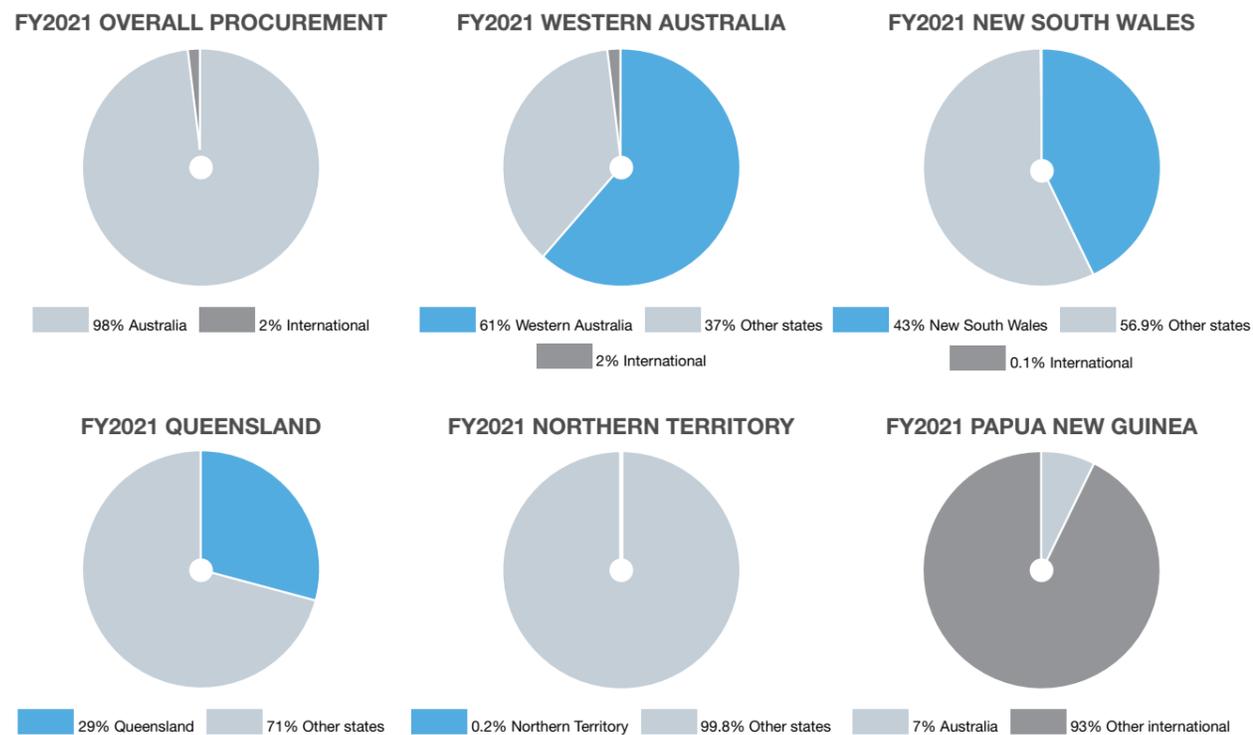




### Potential Risks of Modern Slavery Practices in Supply Chains

In FY2021, almost all Civmec Group's procurement spend was in Australia, with only 2% spent internationally. The Group endeavours to procure all materials and consumables for its projects locally, except where specific requirements for grades of material or consumables are required by the clients, or local suppliers/subcontractors are unable to deliver, which is currently aligned with our Local Industry Participation Policy.

The following graphs provide a breakdown of procurement spends per region, based on the percentage of spend in each location during project delivery.



The likelihood of modern slavery risks in Civmec Group's supply chains is low; and mainly lies in the suppliers or subcontractors' non-compliance with the Group's policies and standards, including excessive overtime, migrant labour exploitation, underpayment/non-payment of wages and forced labour.

The following table illustrates the key potential modern slavery risks for procurement in FY2021 based on the respective geographical countries.

| Country            | Potential Modern Slavery Issues  | Example of products/services sourced   |
|--------------------|--|--|
| <b>Australia</b>   | <ul style="list-style-type: none"> <li>Migrant labour exploitation</li> <li>Underpayment</li> </ul>  | <ul style="list-style-type: none"> <li>Cleaning and Gardening Services</li> <li>Construction materia and consumables</li> <li>Plant and equipment</li> </ul> |
| <b>China</b>       | <ul style="list-style-type: none"> <li>Excessive overtime</li> <li>Forced labour</li> <li>Migrant labour exploitation</li> <li>Underpayment/ non-payment of wages</li> </ul> | <ul style="list-style-type: none"> <li>Apparel</li> <li>Construction materials and consumables</li> <li>Plant and equipment</li> </ul>                       |
| <b>Germany</b>     | <ul style="list-style-type: none"> <li>Forced labour</li> <li>Migrant labour exploitation</li> </ul>   | <ul style="list-style-type: none"> <li>Construction materials and consumables</li> </ul>   |
| <b>Philippines</b> | <ul style="list-style-type: none"> <li>Forced labour</li> <li>Migrant labour exploitation</li> <li>Underpayment/non-payment of wages</li> </ul>                              | <ul style="list-style-type: none"> <li>Professional/Administrative Services</li> </ul>   |
| <b>Netherlands</b> | <ul style="list-style-type: none"> <li>Forced labour</li> <li>Migrant labour exploitation</li> <li>Underpayment/non-payment of wages</li> </ul>                              | <ul style="list-style-type: none"> <li>Construction materials and consumables</li> <li>Plant and equipment</li> </ul>  |

Civmec Group has a contractual relationship with its tier-one suppliers and subcontractors that actively manage the potential modern slavery issues above. The Human Resources function of Civmec Group has specific login details for Visa Entitlement Verification Online ("VEVO") on the Department of Home Affairs website to verify the work rights of all workers engaged by the Group and of all employees of subcontractors that are mobilised to our remote construction sites. Further, all subcontractors and suppliers are required to undergo a pre-qualification assessment and vendor application assessment that includes questionnaires and declaration addressing modern slavery. There may be a slightly higher risk of modern slavery among its lower-tier suppliers and subcontractors further down the supply chain, where the Group does not have clear visibility.

### ACTIONS TAKEN FOR THE KEY IDENTIFIED MODERN SLAVERY RISKS

#### Corporate Governance, Policy and Management Framework

Civmec Group has a risk appetite statement, risk management framework and compliance framework that align its business operational activities against the objectives of the strategic plan to calculate the level of risk that it is willing to assume in accordance with the ASX's Corporate Governance Principals and Recommendations and SGX-ST's Code of Corporate Governance.

Commitment and leadership are the essences of an effective modern slavery response. Civmec Group currently adopts a consistent process to develop a key risks report for its Risks and Conflicts Committee (“RCC”). The RCC review these key risks by evaluating and assessing whether risk exposures are within acceptable levels. The Group could identify its major modern slavery risks (if any) through this risk analysis process, which involves detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls, and effectiveness. The Board and the senior executive management will actively ensure consistency throughout the process and take appropriate actions to mitigate modern slavery risks. The Group also has established effective tools such as a risk register, which includes a detailed list of all the key risks faced by the Group, and a risk matrix, to rank its key risks against its risk appetite in under Civmec’s risk rating matrix.

Further, this Statement is supported by various policies (which are available on Civmec’s corporate website at <https://www.civmec.com.au/our-approach/policies>) and internal management frameworks.

#### Procedure, Process and Contractual Arrangement

While the policies and management frameworks provide a platform and parameter for the Board and the senior executive management to set out the appropriate strategic directions to manage any modern slavery risks, a clear procedure, process and contractual arrangement are crucial for Civmec People, the Group’s suppliers and subcontractors to meet and comply with the requirements and obligations under the Modern Slavery Legislation. These documents include Procurement Procedure, Subcontractor Pre-qualification Procedure, Pre-qualification Questionnaire, Vendor Information Form, Tender Bid Evaluation, Project Specific Subcontract/Agreement and Purchase Terms & Conditions (which are available on Civmec’s corporate website at <https://www.civmec.com.au/business-with-us/terms-of-business>).

Civmec Group has been conducting subcontractor pre-qualification assessment of all its subcontractors and major suppliers since 2013 and recently implemented additional measure to address the Modern Slavery Legislation and its contractual obligations by including questions on modern slavery and human trafficking compliance through its Pre-Qualification Questionnaire and Vendor Information Form as part of its due diligence process.



In addition, Civmec Group has requested its suppliers and subcontractors to undertake, warrant and represent that it and its personnel have not committed any offence under the Modern Slavery Legislation in their quotation during tendering. Upon award of the Project Specific Subcontract/Agreement, the modern slavery undertakings provided by the suppliers and subcontractors will form part of its contractual obligations.

#### Project Specific Modern Slavery Management Plan

Civmec Group has a modern slavery management plan template to assist Civmec People to adhere with the Modern Slavery Legislation and its contractual obligations with the clients. The context of the plan will be narrowed to focus primarily on the project’s contribution to the delivery of Civmec’s core business objectives, which includes project specific processes and capabilities. This plan will be a useful tool in setting out the processes, management activities, and controls for managing the risk of modern slavery in its operations and in its supply chains on a project by project basis.

#### Training and Reporting

In this coming FY2022, Civmec Group will continuously invest in internal learning and development programs; and it will focus on providing training and awareness on modern slavery, including communications to all Civmec People, in the form of emails, posters and “Now You Know! Civmec Update” presentation. The Group already has existing reporting mechanism for Civmec People to raise concerns about possible improprieties within the Group in confidence, through the STOPline under the Code of Conduct. All reported matters will warrant an independent investigation and appropriate follow up actions. All whistle-blowing reports will be addressed to the Audit Committee (“AC”), either directly or through the STOPline or the whistle-blowing service provider, on a quarterly basis whenever there is a whistle-blowing issue. Civmec People are regularly informed of the existence of the whistleblowing mechanism and encouraged to report relevant matters.

### MONITORING AND REVIEW MODERN SLAVERY RISKS

Civmec Group will maintain the existing controls/actions and provide further training as a matter of priority in response to the potential modern slavery risks. Ongoing monitoring and periodical review process could ensure the process design, implementation and outcome is in line with the objectives of Civmec Group.

The following table illustrates the key strategies and actions in response to the potential modern slavery risks.

| Strategies                                      | Actions   |
|---|---|
| <b>Leadership</b>                               | <ul style="list-style-type: none"> <li>Review performance against all relevant policies, risk appetite statement, risk management framework and compliance framework on an annual basis.</li> <li>Generate and distribute modern slavery management plan for all projects.</li> </ul> |
| <b>Education</b>                                | <ul style="list-style-type: none"> <li>Training regarding modern slavery for Civmec People involved in procurement and supply chain decisions.</li> <li>To ensure Civmec People understand the compliance required under the Modern Slavery Legislation.</li> </ul>                   |
| <b>Suppliers/Subcontractors locally sourced</b> | <ul style="list-style-type: none"> <li>To ensure targets are met in line with our Local Participation Policy Monitoring and evaluating through audits of subcontractors and suppliers.</li> </ul>   |

## ASSESSING THE EFFECTIVENESS OF ACTIONS BEING TAKEN

In FY2021, Civec has decided to incorporate internal audit for Modern Slavery within its existing Health, Safety, Environmental and Quality (“HSEQ”) Management of Subcontractors Procedure. The internal audit program will cover a rolling 12-month period, detailed in the HSEQ Audit Schedule, and reviewed every six months. The objectives of the internal program will be in line HSEQ Auditing and Evaluation of Compliance Procedure, including:

1. Identify opportunities for improvement.
2. Evaluate the capability of Civec to assess risk and identify and implement effective actions to address them.
3. Conform to relevant requirements, e.g. legal and other requirements, compliance commitments, and requirements for certification to management system standards.
4. Determine the continuing suitability, adequacy and effectiveness of relevant management System.
5. Evaluate the compatibility and alignment of the management system objectives with the strategic direction of Civec Group.

Civec is also in the process of developing an ethical sourcing audit program with an external auditor to assess the effectiveness of the actions being taken to address modern slavery risks; and plans to roll out the program in phases in the next three years, beginning with Civec Group’s tier one subcontractor and supplier. The assessment criteria of such program shall include total number of factories audited, the frequency and nature of non-compliance, the number of suppliers and subcontractors with non-compliance, the response time for remediation and improvement.

All audit assessments shall be in writing and available for review and inspection as required. This process will provide the transparency to the stakeholders and assist the client and Civec Group to make informed decisions. Civec Group have not been notified and are not aware of any modern slavery complaints against its operations and supply chains during FY2021.

## COMMUNICATION AND CONSULTATION

The management of modern slavery risks requires all relevant stakeholders (both internal and external) to work together, and the process of communication and consultation will ensure all stakeholders are provided with timely, accurate and detailed information in relation to modern slavery, so that the Group operations and supply chains can be managed effectively and also minimises the risk of exposure to modern slavery.

Internal stakeholders: The Board, the senior executive management, other management, project managers, and other employees. For example, leadership and commitment by the Board and the management will help to ensure different areas of risks are appropriately considered from each department, such as Commercial, Human Resources, Procurement and Operational.

External stakeholders: The Clients, suppliers and subcontractors (offshore/Australian-based), the media and the Commonwealth Government. For example, collaborate with the Client, suppliers and subcontractors to develop, maintain and update engagement and communication strategies and processes to reduce the risk of modern slavery.



## CONCLUSION

In summary and in due consideration of the above, modern slavery risk management requires continuous commitment across Civec Group and ongoing collaboration with all stakeholders. The Group is committed to eradicating all forms of modern slavery across its operations and supply chains and is continuously improving strategies and actions to identify and mitigate modern slavery risks. This modern slavery statement reflects Civec Group’s actions to date, and the Group is pleased to publish it and provide an ongoing report on its progress publicly.

This statement for Civec Group was approved by the Board of Civec Limited as the parent entity on 24 December 2021.

A handwritten signature in black ink, appearing to read 'Patrick Tallon'. The signature is stylized and written in a cursive-like font.

Patrick Tallon  
Chief Executive Officer and Director of Civec Limited



[www.civmec.com.au](http://www.civmec.com.au)