



Modern Slavery Statement

Australia FY2021/2022

Contents

1	Introduction	1
2	Business overview	2
3	Organisational structure	3
4	Governance framework	4
5	Our supply chain	5
6	Assessing modern slavery risks	6
7	Managing modern slavery risks	7
8	Measuring effectiveness	9
9	Future commitments and declaration	10

1 Introduction

This statement relates to Babcock Australia Holdings Pty Ltd (Babcock), covering all fully owned operating companies and business units within Australia for the Babcock financial year ending 31 March 2022. It excludes New Zealand entities and joint ventures.

At Babcock, we are committed to conducting our dealings, whether with customers, suppliers, employees or the communities in which we operate, with the utmost integrity and we are steadfast in our support for the elimination of modern slavery in all its forms. All our businesses, wherever they are located and wherever they have dealings in the world, are required to respect people and to value their diversity. Our aim is to create an inclusive organisation where everyone's skills and contributions are welcomed and valued. This approach is enshrined in our [Babcock Code of Conduct](#), detailed in our Guiding Principles, embedded in our attitude towards health and safety and governed by our Environment, Social and Governance (ESG) program.

This document explains the steps Babcock is undertaking to prevent, detect and respond to modern slavery within our business and supply chains. It has been approved by the Australasian Executive Committee, which includes Directors from each of the entities referenced in Figure 4 and is developed in accordance with the Commonwealth Modern Slavery Act 2018.

Babcock International Group, which Babcock Australia is part of, also complies with Section 54(1) of the UK Modern Slavery Act 2015. The statement can be found [here](#).



2 Business overview

Babcock International Group

Babcock International Group is an international defence, aerospace and security company operating in our focus countries of the UK, Australasia, Canada, France and South Africa, with exports to additional markets with potential to become focus countries.

Our purpose, to create a safe and secure world, together, defines our strategy. We support and enhance our customers' defence capabilities and critical assets through a range of product and service solutions. We meet our customers' requirements of value for money, increased availability, modernisation and flexibility.

Babcock Australasia

Babcock Australasia is a Defence, Aviation and Critical Services company employing over 1,600 talented people throughout Australia and New Zealand. We are trusted to deliver technical support services for customers, ranging from fleet and asset management, sustainment, and technical training, to life saving helicopter emergency medical services.

A subsidiary of Babcock International Group, we are proud to help keep our nation secure, our communities safe and the nation moving, using Babcock's specialist skills and knowledge to facilitate our client's operational requirements.

A global solution being delivered locally.



Figure 1 - Marine operations map



Figure 2 - Land operations map



Figure 3 - Aviation operations map

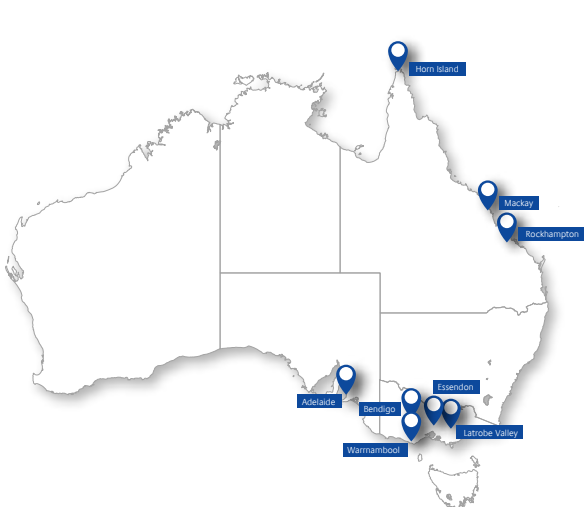


Figure 4.1 - Aviation operations map as at August 2022, following the sale of Babcock Offshore Services Australasia

3 Organisational structure

All Australasian sectors are part of Babcock Australia Holdings Pty Ltd. Our Corporate sector and Defence businesses belong to the Babcock Pty Ltd entity, and the Aviation sector is divided into two separate entities: Babcock Mission Critical Services Australasia Pty Ltd ('Aviation Onshore') and Babcock Offshore Services Australasia Pty Ltd ('Aviation Offshore'). The Offshore company was sold in October 2021 and will be excluded from future statements.



Supply chains teams operate under a hub and spoke organisation, where each sector has a Procurement and Supply Chain (P&SC) team led by P&SC Managers, who report direct to the sector's organisation structure. Their primary focus is to ensure the function meets contractual requirements and complies with corporate governance. There is also a Corporate Procurement Manager that supports the business in relation to procurement and supply chain governance and implementation of functional standards. All roles have a link into the wider Procurement and Supply Chain leadership within the UK, who provide Governance and Strategic direction for the global Babcock businesses. Key areas outlined by the global Babcock group focus on:

Our People

- » Inclusion and diversity
- » Dignity and respect
- » Human Rights
- » Modern Slavery

Our Business

- » Anti-bribery and corruption
- » Gifts and hospitality
- » Conflicts of interest
- » Anti-trust and competition

Our World

- » Health and safety
- » Environment
- » Community engagement

Our Assets

- » Intellectual property
- » Confidential information
- » Cyber security

Babcock's modern slavery risk management framework is owned by the Executive Committee and implemented by the Corporate Procurement Manager, Australasia, with the support of all sector P&SC teams. Directors from each entity that Babcock Australasia owns or controls (as detailed in fig.5) were involved in, and provided input to, the development of this statement as part of the regular Executive Team meetings during the reporting period. This involved discussions of the Modern Slavery Act 2018's reporting requirements and a gap analysis review focusing on areas of improvement across the supply chain with recommendations to be implemented as part of the improvement journey.

4 Governance framework

As an international business, we recognise our responsibility for upholding and protecting the human rights of our employees and other people we deal with throughout our supply chain. We have embedded a culture of respect for human rights throughout our business which is demonstrated by our commitment to ethical conduct in everything we do.

The [Babcock Code of Conduct](#) summarises our commitment and compliance with this policy and is mandatory for all employees, business advisers and business partners. We expect the same commitment from our suppliers and for them to flow down that commitment through the supply chain. In addition to communicating Babcock's principles, it mandates full compliance with all laws and regulations. It also addresses the proper handling of intellectual property, commercially sensitive data, health, safety and environmental concerns as well as human rights. The code reflects the standards we hold ourselves to and enables a consistent approach to our customers in delivering to the highest ethical standards. Babcock's emphasis on ESG commitments and net zero objectives are also a key driver in how we appropriately manage our suppliers.

Babcock has an equivalent [Code of Business Conduct](#), which includes compliance with local laws and regulations. Compliance with the code is also a requirement for all suppliers and is included in our supplier due diligence procedure (refer to section 7. Risk Management for details) as well as in our [Standard Conditions of Purchase](#).



5 Our supply chain

External expenditure via third party suppliers, including Original Equipment Manufacturers (OEMs), accounts for approximately 50% of our turnover, and our approach and ability to manage these relationships affects our ability to deliver performance and margin. Our P&SC function develops and delivers optimal supply chain solutions, enabling us to return value to our customers, shareholders and communities. We buy a wide range of goods and services and need reliable, high performing suppliers throughout our supply chain. We have over 10,000 suppliers globally and have developed strategic relationships with about 300 of them. These suppliers range from OEMs to small and mid-size enterprises (SMEs).

We build appropriate engagement models with these partners and preferred suppliers to drive quality and innovation throughout our supplier base.

We have about 2,500 active suppliers in Australasia. Over 79% of spend throughout Babcock Pty Ltd is sourced within Australia and 60% within Aviation. Importation is mostly from Western Europe, Southern Europe and North America. There is some level of assembly work in our Marine sector in Australia, but our business is predominantly focused on the management and sustainment of assets owned by our various customers. As the result, most suppliers are OEMs, with the rest of the supply base coming from the services industry (e.g. electrical and mechanical repairs, warehousing, etc.).



6 Assessing modern slavery risks

Modern slavery questionnaire

Our modern slavery risk assessment considers both internal and external environments. A modern slavery questionnaire has been developed for use in both assessments and covers:

1. **Background questions** – captures basic details about the company (name, address, reporting person)
2. **Workforce questions** – provides an overview of employees' profile (e.g., number of female workers, number of migrant workers, the existence of trade unions, employee turnover, etc.)
3. **Policy and practice questions** – provides an overview of policies and practices to identify and manage forced labour issues, including the existence of a worker grievance mechanism.
4. **Third party labour practice questions** – addresses the requirement for cascading down the requirements for addressing modern slavery risks within the lower tiers of the company's supply chain.
5. **Supply chain questions** – covers the identification and management of modern slavery risks within the company's supply chain.

The document also has a section listing the major modern slavery risk indicators, which is an extract from the Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities. It is included to help assessors in conducting the assessment. The risk indicators are grouped into five types of risks:

1. **Sector and industry risks** - certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes.
2. **Product and services risks** - certain products and services may have high modern slavery risks because of the way they are produced, provided or used.
3. **Geographic risks** - some countries may have higher risks of modern slavery, including poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.
4. **Entity risks** - some entities may have modern

slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.

5. **Indicators of modern slavery** - a combination of these signs may indicate a person is in a situation of modern slavery and further investigation and assessment is required. Some groups may be at higher risk of being impacted by modern slavery, such as women and migrant workers.

Internal assessment – Babcock operations

The internal assessment has been conducted by our HR department based on the previous 12 months data. The assessment addresses any issues or concerns raised, none of which have been identified. Internally, all employees have access to our Grievance Procedure and externally there is a whistleblowing mechanism available to all parties. These are described in Section 7.

External assessment – Babcock supply chain

Our approach to managing modern slavery risks includes screening the supply chain for high-risk countries of origin, the category of products or services provided by suppliers, and the nature of the supplier's labour force. Identified suppliers are asked to submit responses against the questionnaire. Based on the responses, the P&SC department makes a risk assessment and determines whether further actions are required. Our annual survey identified no issues or incidents that could be assigned to Modern Slavery.

On new Requests for Tender (RFT), if either the country of origin, the product/service or the nature of the supplier's labour force has potential modern slavery risks, the questionnaire is included in the RFT pack issued to suppliers. This is additional to the requirement we have in our due diligence process for suppliers to confirm that they have a modern slavery policy in place (refer to supplier due diligence discussion in Section 7).

7 Managing modern slavery risks

Supplier due diligence procedure

Our modern slavery risk assessment is conducted via our due diligence pack for new and existing suppliers. This pack assists with supply chain awareness and facilitates measurement of supplier mitigation activities relating to modern slavery.

We use appropriate processes to qualify, on-board and periodically revalidate suppliers, to ensure compliance with commercial, regulatory and legal requirements. We explain the qualification process to our suppliers in our P&SC functional principles and sector-specific policies. The level of detail gathered from the supplier is appropriate to the type of supply.

Supplier due diligence starts when a Request for Information (RFI) is issued to the supplier and finalised no later than when orders are released. All suppliers that go through the process are requested to submit answers to a due diligence questionnaire that covers topics relating to the following areas:

- » Anti-bribery and corruption
- » Health and safety
- » Cybersecurity
- » Business stability
- » Compliance to regulations and legislation

Modern slavery falls under the last item. If risks relating to modern slavery are perceived as high, the modern slavery questionnaire described in Section 6 can also be included in the due diligence pack issued to suppliers.

We are currently reviewing options for an onboarding platform to assist with managing supplier risk. This includes the incorporation of a Modern Slavery questionnaire which will link into the overall risk profile for each supplier.

Risk register

P&SC conducts risk assessments globally to review critical supplier relationships. A risk register is used for global entities to identify high risk suppliers and determine mitigation actions. It also identifies suppliers which should be subject to our modern slavery risk assessment. Suppliers listed are not necessarily non-compliant but have been flagged as requiring more attention, either because they are in high-risk countries, or the nature of products or services provided warrants closer investigation, per the guidelines of the Modern Slavery Act.

Grievance mechanism

A Grievance Procedure is available for employees in Babcock's intranet. The procedure provides guidance on what can be classified as a workplace grievance, how grievances can be raised, decisions appealed, and how the company may address these concerns and resolve conflict. The procedure adopts an escalation model that starts from the employee raising an issue directly with the involved people, through to consulting with managers or the HR department, up to the extent of resorting to external sources that are provided within the document.



Whistleblowing

Babcock provides a whistleblowing facility for our employees and suppliers to raise any concerns they may have regarding matters covered by our Code of Business Conduct, including whether:

- » bribery or corruption has taken place or is likely to take place;
- » there may be fraud or other irregularities going on in the way transactions, goods or services are being paid for, recorded or invoiced (or in the failure properly to record or invoice them);
- » the health or safety of any individual is being, or is likely to be, endangered by the way activities are being carried out;
- » any other criminal offence – including modern slavery – has taken place, or is likely to take place;
- » there has been, or is likely to be, a failure to comply with legal obligations, including modern slavery;
- » there has been, or is likely to be, a miscarriage of justice; or
- » the environment has been or is likely to be damaged.

Our employees and suppliers are encouraged to bring such matters to the attention of line management. If an employee or a supplier feels this is an inappropriate route, they may use the confidential whistleblowing telephone service or report via the online portal listed below.

Telephone:

1800 230731
(access code: 22226#)

Online:

via www.intouchfeedback.com/babcock
(access code: 22226#)

A copy of our Whistleblowing Policy can be found here:

<https://www.babcockinternational.com/wp-content/uploads/2021/10/Whistleblowing-Policy.pdf>

Training and awareness

We continue to raise awareness of modern slavery throughout our business and especially within our procurement and supply chain function. Our procurement professionals understand what modern slavery is, what the key identifiers are and how to proactively address and manage this risk.

This year Babcock has continued to use its Modern Slavery Awareness modules for P&SC employees throughout the company who are involved in supplier engagement, supplier sourcing, supplier selection, supplier on-boarding/due diligence or supplier performance management. Encouragement has also been given to P&SC members who are CIPS members to undertake the CIPS Ethics training.

Amongst other related issues, these modules highlight high-risk sectors where additional care may be needed when on-boarding suppliers. It also highlights our mandated due diligence processes, the indicators of forced labour, as well as information about our whistleblowing helpline.

In 2022, as part of the continuous improvement approach we will be rolling out a new training module via our online Training portal, Success Factors. This module uses the Australian legislation as the framework for its training and will be rolled out as mandatory for all P&SC and people leaders as an annual course.

We have hosted an extended selection of modules and resources on a dedicated Modern Slavery intranet page, allowing anyone within the company to complete them. This page also contains a selection of links that explain current legislation, Babcock policy and internal escalation points. Online training modules are emailed annually to each of the supply chain managers to pass on to their teams to complete.

Babcock has a robust supplier due diligence procedure that ensures that anyone who would like to start a new supplier relationship follows the workflow described in the procedure, and the appropriate due diligence on the supplier is conducted before any orders can be placed. Modern slavery considerations are incorporated into the due diligence process to capture any risks and ensure all suppliers are in acceptance of the Supplier Code of Conduct.

8 Measuring effectiveness



Babcock is yet to identify any modern slavery issues internally or within its supply chain. We continue to monitor the status of our due diligence process, including reporting requirements as part of our RFIs and RFTs, and raising awareness. No grievances or whistleblowing issues relating to modern slavery have been raised so far, and those channels will continue to be available to all employees and suppliers.



9 Future commitments and declaration

While risks to our business is considered low, Babcock recognises the need to continuously apply due diligence within its operations and supply chains. We will continue to raise awareness by ensuring processes are followed, and training is provided. The annual revision and refresh of our supplier due diligence held this year is an example of our company's continuous improvement culture. We are looking at improving our capability in monitoring and managing compliance moving away from manual processes to electronic systems that provide dashboard reporting which will allow us to focus on managing our supply chain risks more appropriately. This is also a key focus of our global organisation. This improvement initiative has started and will continue throughout 2022.

This statement is made pursuant to the Commonwealth Modern Slavery Act 2018 and constitutes the Modern Slavery Statement of Babcock Australia Holdings and its fully owned operating companies and business units within Australia for the year ended 31 March 2022 and has been approved by the Babcock Australasia board.



David Ruff

Chief Executive Officer Australasia

December 2022