



# FDC MODERN SLAVERY STATEMENT 2020

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FDC GROUP HOLDINGS PTY LTD  
(ABN 68 615 186 358)

## FDC Modern Slavery Statement 2020

The Board of Directors of FDC Group Holdings Pty Ltd (FDC) are pleased to approve and present our initial Modern Slavery Statement for FY 2020. FDC Group Holdings Pty Ltd is the principal governing body of the various FDC reporting and non-reporting entities covered by this statement.

This is a joint statement, prepared and lodged on behalf of the various reporting entities that FDC owns and controls. It also serves as a voluntary statement, presented on behalf of other non-reporting entities, that FDC owns and controls. These entities are as shown in Tables 1 and 2 of this statement.

FDC qualifies as a reporting entity, as defined in the Modern Slavery Act 2018 (Cth), (the MSA) and as such, has mandatory reporting obligations under this legislation. As a minimum, this statement satisfies the reporting requirements of the MSA, as well as describe the approach that our business is taking on this important issue.

FDC has always been aware of its legal and moral obligations regarding labour and human rights practices and has run its business consistent with these obligations and expectations.

The introduction of the MSA has been a catalyst for FDC to assess and improve upon our existing procurement practices, particularly with regard to any instances of modern slavery or human rights breaches, that may exist within our supply chains.

Over the course of the past couple of years FDC has assessed its risks and begun implementing a number of key initiatives within our businesses in an attempt to improve and influence the practices of our key suppliers and increasing awareness of these serious issues.

A summary of these risks and initiatives are included within this statement and its various case studies, which has been prepared in consultation with each of our reporting entities and in collaboration with a number of other stakeholders.

We thank all stakeholders for their assistance in our combined efforts and we look forward to continuing to collaborate and hopefully make a difference to improve the lives of those effected by these unjust practices.

This statement was approved by the board of FDC Group Holdings Pty Ltd on Tuesday 15<sup>th</sup> December. 2020.



Bentley Cottle  
Managing Director



Peter McCabe  
Finance Director

## About FDC

Established in 1990, FDC is an independently owned and operated building services business, delivering best in class construction, fitout, refurbishment and mechanical, built product to our clients.

Our clients typically include federal, state, territory and local Governments, domestic and multinational corporations, trusts and financial institutions, charitable and not for profit foundations, health and education aligned organisations, NGO's, as well as private individuals, developers and investors.

FDC's projects vary greatly in size and nature. We undertake projects ranging from simple office modifications, to the most complex commercial and industrial construction projects. Examples of our many and varied projects may be found [here](#).

FDC has built an industry leading reputation over more than 30 years, by delivering exemplary product and service to our clients and by the ethical way we conduct business with our clients, staff, suppliers and service providers and all other stakeholders.

As a result of our actions, FDC is proud to be considered a partner and employer of choice within the Australian building and construction industry.

FDC employs in excess of 550 people and have completed projects with total values exceeding \$1bn over each of the past few years.

## Our 2020 modern slavery initiatives

These initiatives include our Board of Directors endorsement of our initial Modern Slavery Policy and the creation and distribution of the FDC Modern Slavery Charter for Suppliers and Service Providers (Charter).

Other related policies, such as our Human Rights and Supplier Code of Conduct, have been updated to include clauses on the expectations that we have of ourselves and our suppliers, regarding the issues of human rights abuses and modern slavery.

Our Whistleblower Policy has been updated, as a means of reporting and potential remedy, should any instances of modern slavery be suspected or uncovered within our business or supply chains.

Our Modern Slavery Charter was distributed to each of our active vendors at the time of implementation (10<sup>th</sup> September 2019). As of that same date, all new vendors to our business are required to acknowledge the receipt and understanding of the requirements of this charter, as a condition of being accepted as a vendor to our business

During the course of the past 18 months, FDC have undertaken a number of industry initiatives and collaborations, to assess the risks and raise awareness of modern slavery within the supply chains of our contractors and suppliers, as well as increasing awareness amongst our own employees.

These initiatives are as described and summarised throughout this statement and as detailed within the various Case Studies included within it.

We look forward to continuing to develop and continuing to improve upon these initiatives in coming years.

**OUR MODERN SLAVERY STATEMENT**

**Mandatory Reporting Criteria – Modern Slavery Act 2018 (Cth)**

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## Criterion 1 – Our Reporting Entities

### FDC Group Holdings Pty Ltd (ABN 68 615 186 358)

FDC Group Holdings Pty Ltd (FDC), is the primary reporting entity referred to in this statement.

The Reporting Entities and Voluntary Reporting Entities covered by this joint statement are as listed in Table 1.

Table 1

| Entities Owned and Controlled by FDC Covered by this Statement                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reporting Entities                                                                                                                                                                             | Voluntary Reporting Entities                                                                                                                                                                                                                                                                                                                                                |
| FDC Group Holdings Pty Ltd<br>FDC Construction (NSW) Pty Ltd<br>FDC Fitout & Refurbishment (NSW) Pty Ltd<br>FDC Construction & Fitout (VIC) Pty Ltd<br>FDC Construction & Fitout (ACT) Pty Ltd | FDC Construction & Fitout (QLD) Pty Ltd<br>FDC Construction & Fitout (SA) Pty Ltd<br>FDC Construction & Fitout (WA) Pty Ltd<br>FDC Mechanical Services Pty Ltd<br>FDC Technologies Pty Ltd<br>FDC Construction and Fitout Pty Ltd<br>FDC Contracting Pty Ltd<br>FDC Business Services Pty Ltd<br>FDC Development Pty Ltd<br>FDC Investments Pty Ltd<br>FDC nyamba Pty Ltd * |

FDC Group Holdings Pty Ltd is the parent company of each of the entities listed in Tables 1 and 2 of this statement. These entities comprise the operations of our business and are collectively referred to as “FDC” for the purposes of this statement.

**\*FDC nyamba Pty Ltd** is a Joint Venture business, focussed on multi-disciplinary project delivery, underpinned with indigenous supply chain development.

FDC Investments Pty Ltd owns 49% of this joint venture and has operational responsibility for business compliance and administration. As FDC has compliance and administrative control of certain elements of this joint venture, FDC nyamba is included as a voluntary reporting entity for the purposes of this statement. FDC nyamba will continue to be consulted on and included in, the modern slavery activities of FDC.

A copy of the FDC Reconciliation Action Plan is available on our [website](#).



## Criterion 2 – Our Structure, Operations and Supply Chains

### Our Structure

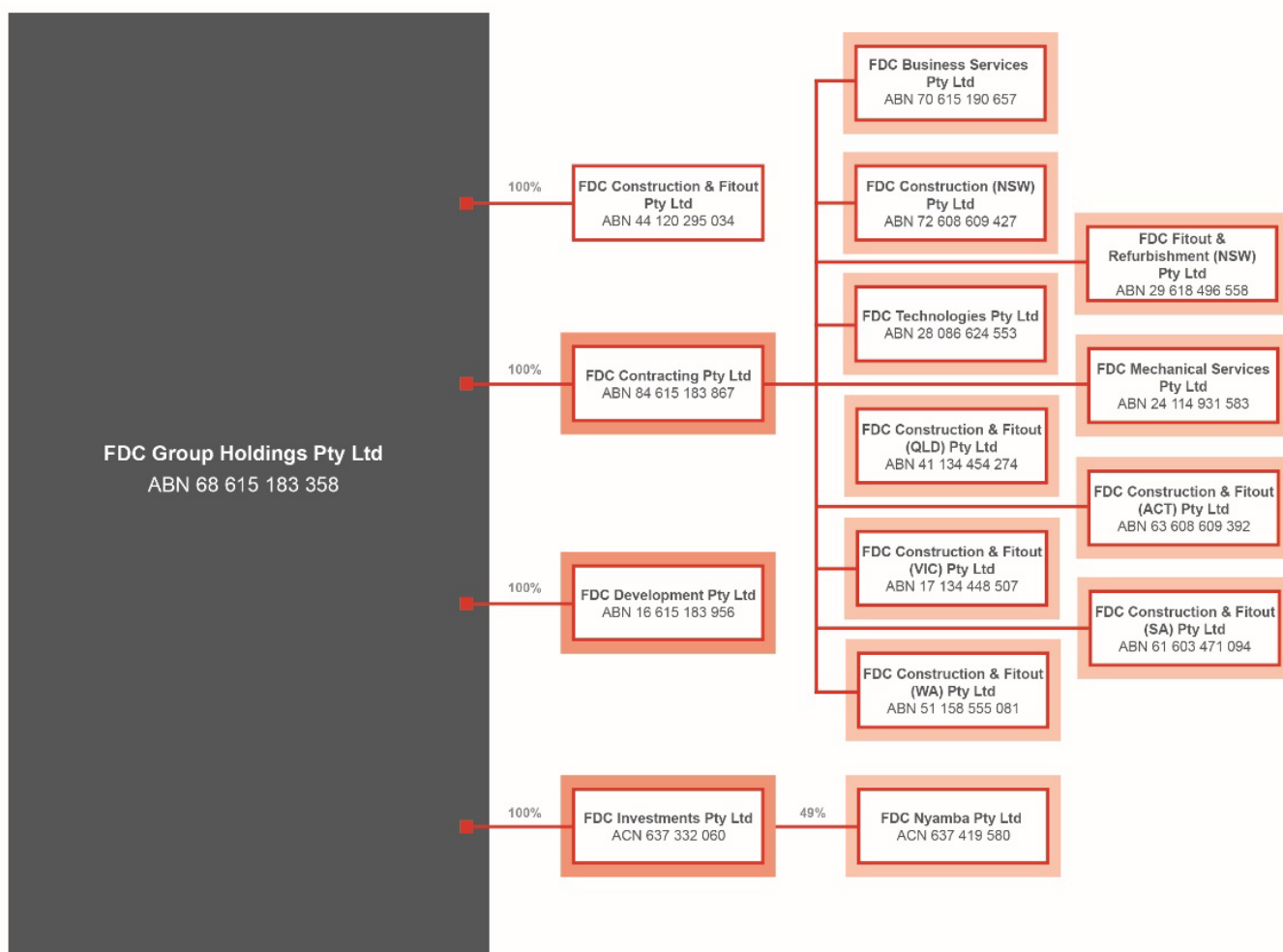
Each entity listed below is a wholly owned, subsidiary of our parent company FDC Group Holdings Pty Ltd. These entities all operate under the same policies, procedures, plans and integrated management system governed and managed by the FDC Board of Directors, our Executive Management Committee and our Senior Executives and Managers.

FDC is wholly owned by its Directors, Senior Executives and Staff. FDC have no external shareholders. The people who manage and work in the business, own the business.

Table 2

### GROUP STRUCTURE

FDC Group Holdings Pty Ltd (2020) | ABN 68 615 183 358



## **Our Operations**

FDC's primary business is as head contractor in the construction, design, and management of new and refurbished built product in the domestic Australian building and construction market. FDC are engaged by our clients to perform this role on their behalf and as such we are considered by many to be a significant supplier to their businesses.

In some instances, certain divisions of FDC, such as our Mechanical Services business may also be engaged as a sub-contractor by ourselves, as well as by other similar, head contractor businesses.

In our role as head contractor, FDC evaluates, engages and monitors the many service providers that are sub-contracted to us in the performance of these building works. In this role, we also undertake a significant amount of procurement of goods and services on behalf of our clients, in order to satisfy the requirements of each project.

Our business operates nationally, with divisional offices in each State and Territory except Tasmania and the Northern Territory.

FDC has processes and procedures in place to ensure that it complies with all applicable legislation and standards, including, but not limited to the Fair Work Act 2009, Work Health and Safety Act 2011 and the Modern Slavery Act 2018 (Cth).

All entities referred to in this statement, operate under the FDC Integrated Management System that is certified to International and Australian Safety, Quality and Environmental Standards 45001:2018/14001:2015/9001:2015. FDC is also accredited by the Office of the Federal Safety Commission (OFSC).

## **Our Supply Chains**

FDC's supply chains are best differentiated between the procurement we undertake to sustain our own corporate operations (Corporate Supply Chain) and the procurement that we undertake on behalf of our clients for our contracted projects (Project Supply Chain). These are as described below.

### **Corporate Supply Chain**

The direct procurement expenditure (excluding staffing costs) required to operate the group functions of FDC, represented a relatively small portion of FDC's total combined group procurement expenditure during 2019/20.

FDC acknowledges that regardless of the relatively small total value of this expenditure, significant modern slavery risks may still exist within this portion of our supply chain. As part our commitment to complying with this legislation, as well as mitigating these risks, FDC has undertaken an independent risk assessment of its own direct supply chain and will continue to do so.

For the purposes of this statement, FDC's direct corporate procurement has been grouped into 17 categories. The supply chain was initially assessed on the basis of the amount of spend and the perceived modern slavery risks within each category. These risks were further evaluated, using a variety of specialist tools and utilising the services of a specialist consultant, Edge Environment.

Approximately 27% of FDC's typical annual corporate spend was evaluated as being high risk, 55% as medium risk and 18% as low risk, with regards to the existence of modern slavery. Our risk assessment was focussed on those areas considered high risk and where our corporate spend was considered significant.

These higher risk categories included the purchase of uniforms and personal protective equipment, security, industrial cleaning, promotional material, IT support, telecommunications products, and printing and reproductive services.

Within this category, 7% of our purchases were sourced directly offshore, from what is regarded as being a high-risk country, India. From our research and given the multinational nature and good reputation of that particular supplier, we were satisfied that this supplier posed a relatively low risk of having instances of modern slavery within their supply chain or workforce. It did, however, warrant closer monitoring, which is in the process of being undertaken and will form part of our 2<sup>nd</sup> Tier analysis.

Other significant expenditure within our corporate supply chain include staffing, human resourcing, employment and consultation services, entertainment and motor vehicle and transport costs. Although categorised as being of medium and low risk, these suppliers will also be subject of closer review at a later stage.

A more detailed description of this supply chain, the risks uncovered, actions taken and a description of the effectiveness of those actions are included in the content and findings of Case Study 1, included within this statement.

### **Project Supply Chains**

The project expenditure that FDC undertakes on behalf of its clients each year, comprises the vast majority of our total group procurement value. This expenditure is more complex and varied in nature than our corporate expenses and as such, warrants greater scrutiny of the modern slavery risks that may exist within it.

The vast majority of this expenditure is via the sub-contractors that we engage to assist in delivering these projects to our clients. The sub-contractors that FDC engage on our projects are carefully selected via a competitive process, taking into account a multitude of factors including cost, safety, quality, environmental and social issues. This supply chain of sub-contractors and service providers can extend into several thousand, depending on market conditions.

Sub-contractors are largely responsible for the procurement of the products and materials required to complete these projects within the scope and specifications of their packages. In some instances, FDC or our clients may take direct responsibility for some of these procurement decisions. Procurement may be executed directly with suppliers, or via third party distributors which we acknowledge can add another element of risk.

All suppliers to FDC have been made aware of our requirements regarding modern slavery via the distribution of our Modern Slavery Charter (Charter). FDC see it as part of our responsibility to work with our vendors to continue to raise awareness of this issue.

As a pre-condition for accepting new vendors to our business, FDC now require mandatory acknowledgement of receipt and understanding of our Charter. As part of this process, FDC reserves the right to further engage with our sub-contractors and suppliers on this subject, should we feel it would be of benefit to this cause.

During the course of the past 18 months, FDC have collaborated with other leading property groups and consultants and have undertaken a detailed risk analysis and assessment of the supply chains of two of our larger and more typical projects. A more detailed description of the process undertaken in these risk assessments, the actions taken and an assessment of the effectiveness of those actions, are included in Case Study 2 and Case Study 3 of this statement.

In each project assessed, we found that approximately 70% of total expenditure was on trade packages and services that may be deemed as having a higher risk of modern slavery within their supply chains. These packages included electrical and I.T, hydraulic and mechanical services, flooring, timber, joinery and petitioning, ceilings and plasterwork, fixtures and fittings and cleaning and security.

Other significant and typical trade packages assessed on these projects, included roofing, concreting, formwork, demolition, excavation and landscaping, consultants, labour hire, fire protection, doors and windows and lift services. These packages were assessed as either being of relatively low-medium risk, or areas in which FDC was deemed to be able to exert little influence over changing practices or outcomes.



### **Criterion 3 – Risks identified**

For the purposes of assessing the modern slavery risks that may exist in our supply chain, FDC have undertaken separate risk assessments of our own Corporate Expenditure and those of our Project Based Expenditure.

With the use of our own internal resources and drawing upon the expertise of third-party providers, FDC conducted these risk assessments, including undertaking a comprehensive examination of two of our larger and more typical projects.

These projects were selected on the basis of their significance to our business, the complexity and diversity of their supply chains, as well as being representative of our project-based businesses.

These project-based risk assessments were done in collaboration with two of our highly reputable clients, Stockland Group and Cromwell Property Group and utilised the services of two independent experts in this field, Action Sustainability and Edge Environment. These risk assessments form the basis of the case studies included in this statement.

### **Case Studies**

Our focus in each case study involved a full examination of each supply chain referred to above.

In each case study we went through a process to determine the areas:

- of greatest perceived risk;
- of most significant expenditure; and
- where we determined our actions could be most effective in influencing outcomes.

The lessons learned and next steps determined from these case studies were considerable and are included elsewhere within this statement.

CASE STUDY 1

# FDC CORPORATE SUPPLY CHAIN



## Case Study 1 – FDC Corporate Supply Chain

This case study was undertaken to assess and understand the risks of modern slavery and human rights abuse that may exist within the direct corporate supply chain of FDC.

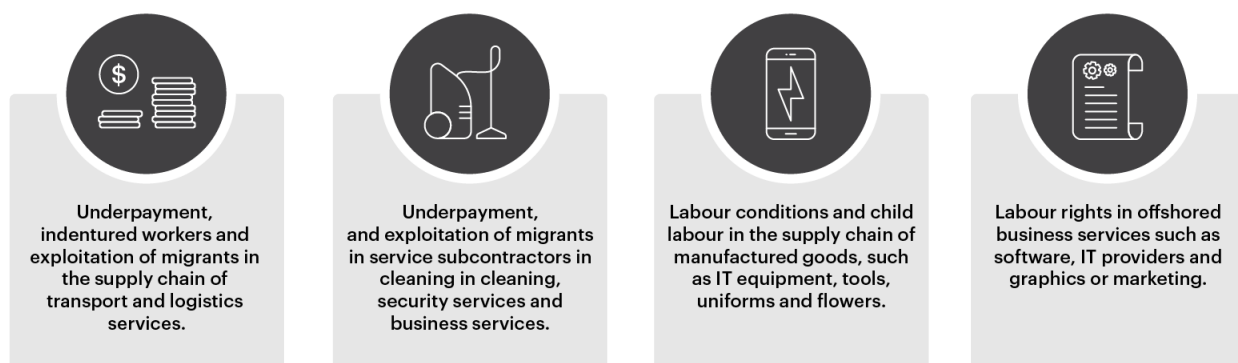
To assist us, FDC engaged the services of Edge Environment, an independent third-party specialist in the assessment of supply chain risks and mitigation strategies.

The findings of this case study are intended to assist FDC in making better and more informed decisions regarding the procurement of our corporate needs, having taken into account an assessment of these risks.

### The Methodology

FDC's typical procurement categories were identified to help risk assess and prioritise areas of focus for modern slavery prevention and mitigation.

## Key categories and types of risk for FDC



These were then grouped into 17 procurement categories, as follows:

#### **FDC Categories**

- Cleaning and janitorial services
- Security services
- Loose Tools
- OH&S Uniforms
- IT equipment, services & software
- Insurance
- Mail and cargo transport
- Floriculture products
- Entertainment
- Passenger transport
- Personal Safety
- Staff Requirements + Mail and cargo transport items
- Reproduction services
- Building repairs & maintenance
- Editorial, graphic & fine art
- Consultants
- Motor Vehicles

Five risk information sources were then used to score and assess the likelihood of modern slavery risk for each of these procurement categories. These information sources include, Exiobase, Social Hotspot Database, Global Slavery Index, Child Rights Index and various literature reviews. A brief description of each is found below.

Table 3

|                                                                                                                                                   |                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>1. Proportion of unskilled labour.</b>                                                                                                         | - Exiobase (Global database of indicators)                |
| <b>2. Risk score for Labour Rights &amp; Decent Work, Health &amp; Safety, Human Rights, Governance, Community Infrastructure and the totals.</b> | - Social Hotspot Database (Global database of indicators) |
| <b>3. Prevalence and vulnerability country scores</b>                                                                                             | - Global Slavery Index                                    |
| <b>4. Child rights scores and due diligence response per country</b>                                                                              | - Child Rights Index                                      |
| <b>5. Evidence of modern slavery issues cited in literature</b>                                                                                   | - Literature Review                                       |

The first four information sources are databases that provide indicators and scores relating to modern slavery risk per sector and country. The fifth source of information was a literature review and provides insight in to risks specific to the Australian context or sub-categories of products and services.

Each source of information resulted in a rating of low, medium or high likelihood of modern slavery. These ratings are then combined to provide an overall rating based on all five information sources.

The risk analysis used to assess the likelihood of an issue occurring uses market models that trace commodities and services across supply chains. This reflects not only the generic risk of Tier 1 suppliers (sourced in Australia), but also Tier 2 and Tier 3 that exist upstream of that Tier 1 supplier.



## Social Hotspot Database

Each procurement category was screened for social risks relevant to modern slavery.

These risks were obtained from the Social Hotspot Database, which indicates the likelihood of an issue occurring in different industries and countries.

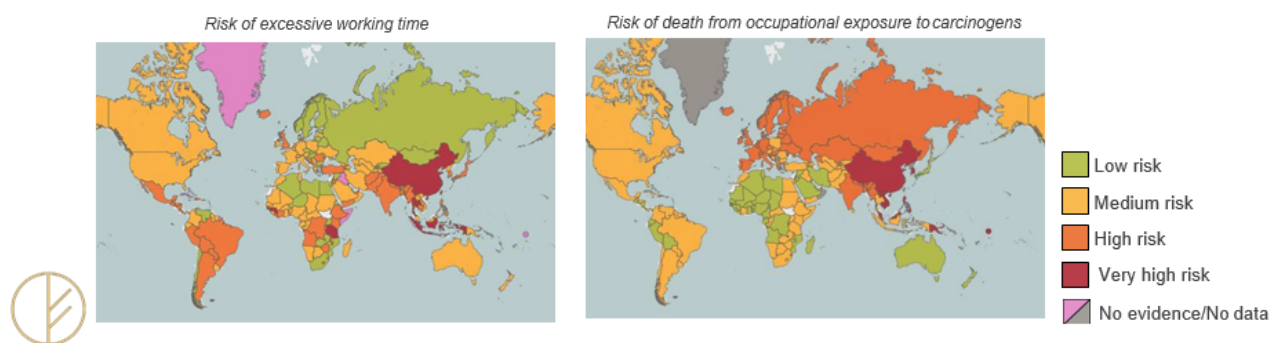
We assessed impacts relating to modern slavery, such as: child labour, excessive working time, exploitation of migrant labour, gender equality, legal systems and corruption.



## Social Hotspot Database

The social risks assessment **method relies on market models that trace commodities and services across supply chains**. As such, the social risk of procurement **reflects not only the generic risk of Tier 1 suppliers, but also Tier 2 and Tier 3 risk** that exist upstream of that Tier 1 supplier.

The maps below provide an example of the data indexed in the Social Hotspot Database, with country-specific risk of two issues related to fair and safe working conditions in the Electronic Equipment sector.



Source: [Social Hotspot Database](#)

### Findings

Of the 17 procurement categories assessed, the highest likelihood of modern slavery existing within FDC's corporate supply chain, was found to be within the IT equipment, services and software category. This was predominantly due to the major supplier being located in India, as previously mentioned.

## Highest likelihood of Modern Slavery - top category

IT equipment, services and software have the highest likelihood of modern slavery risk as the supplier is located in India. This country factor alone makes this category significantly higher risk and should be addressed through due diligence in supplier and contract management.



3 of the 17 procurement categories (Table 4 below) stood out as having significantly “higher likelihood” of modern slavery risk.

Table 4

| Category name                     | Likelihood      |
|-----------------------------------|-----------------|
| IT equipment, services & software | High likelihood |
| OH&S Uniforms – Personal Safety   | High likelihood |
| Cleaning & janitorial services    | High likelihood |

The prevailing issues contributing to this “high likelihood” risk assessment, include:

- Risk of child labour, debt bondage, illegal working conditions in the production and manufacturing of materials;
- Short term contracts and loss of transparency through outsourcing that may occur within the supply chain; and
- High proportion of unskilled labour and migrant labour within the supply chain.

## Key drivers for high likelihood

The table below provides insight into the high-risk materials or services within each category. It also presents the countries that the materials may be sourced from which are known to have high-risk of modern slavery.

|  <b>FDC Category</b> |  <b>High risk materials / services</b> |  <b>High Risk countries possibly sourced from</b>           |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>IT equipment, services &amp; software</b>                                                          | <b>Electronic components supply chain<br/>Offshore labour</b>                                                           | <b>China, Malaysia, DRC, India</b>                                                                                                             |
| <b>Clothing</b>                                                                                       | <b>Apparel &amp; textiles</b>                                                                                           | <b>Argentina, Brazil, China, India, Malaysia, Pakistan, Thailand, Vietnam, Bangladesh, Cambodia, Italy, Nepal, North Korea, Russia, Zambia</b> |
| <b>General Cleaning</b>                                                                               | <b>Low skilled labour</b>                                                                                               | <b>Australia</b>                                                                                                                               |



6 of the 17 remaining procurement categories were assessed as having “medium likelihood” and 8 out of the 17 were assessed as having “low likelihood”.

The complete list and further details of the medium and low likelihood categories are included in our final risk assessment and will continue to be monitored by FDC for assessment in subsequent years.

## Summary

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**It is important to note that all categories have a risk of modern slavery. That is, there is indirect supply chain risk in all categories.**

The hotspots for FDC corporate spend are products procured that have inherent risk, that is, upstream of Tier 1 (Tier 2, Tier 3 etc.) of the supply chain. These types of products include personal safety garments and uniforms and IT equipment that as they have high likelihood of being sourced from high risk countries.

The supplier in the IT equipment, services and software category that is located in India which is a very high-risk country for modern slavery.

There are also Australian services cited by the literature to be of risk, as these are directly procured by FDC. For example:

- Cleaning services
- Security services

The image shows a modern interior space, likely a lounge or common area. On the left, a large wall is covered in a dark green, vertically tufted fabric. In front of this wall is a low, matching tufted bench. A small wooden table with a dark top and thin legs sits in front of the bench, holding a small potted plant. In the foreground, a red upholstered chair with dark wooden legs is visible. To the right, a tall, leafy green plant in a wicker pot stands next to a brick wall. Further back, another red chair is visible near a window with white horizontal blinds. The floor is made of light-colored wood. The overall lighting is warm and ambient.

## CASE STUDY 2

# **PROJECT SUPPLY CHAIN LDK SENIORS LIVING**



## Case Study 2 – Project Supply Chain - LDK Seniors Living, Tuggeranong, ACT

This case study was conducted in collaboration with the asset owner, Cromwell Property Group and also utilised the services of Edge Environment.

FDC were engaged by Cromwell to convert 6 existing commercial office buildings in the ACT suburb of Tuggeranong, into a revitalised complex comprising 214 seniors living, aged and high care apartments, administration offices and other associated services. The existing buildings were multi-level, campus style and in need of significant refurbishment and some structural alterations.

This case study sought to assess the risks of modern slavery that may exist within certain higher value suppliers and contracted packages, that had been engaged on this project, prior to undertaking this risk assessment.

Lessons learned from this case study are intended to be taken into consideration for future decisions to be made in the tendering of similar trade and service packages. It is FDC's intent to use these findings to continuously mitigate the risks of modern slavery existing within our project supply chains.



## Methodology

The procurement categories used on the LDK Project were identified to help risk assess and prioritise areas of focus for modern slavery prevention and mitigation.

## Key driver of risk for LDK project



**Low skilled labour in construction projects is identified in the literature as being of high risk in Australia.** This creates a significant direct risk to Cromwell Property as the owner and FDC operating the construction sites and managing the project.

No low skilled labour was indicated by FDC in the data provided. However the risk factor should be addressed through procurement and contract management with contractor, to ensure no sub-contracting of low-skilled high risk labour occurs without FDC's knowledge and oversight.

## Key categories and types of risk for the LDK project



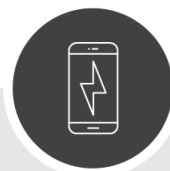
Underpayment, indentured workers and exploitation of migrants in construction projects.



Underpayment, and exploitation of migrants in service subcontractors such as cleaning and security and labour hire.



Labour conditions and child labour in the supply chain of building products.



Labour conditions and child labour in the supply chain of manufactured goods, such as IT equipment and paper.

For the purpose of this risk assessment, the LDK Projects procurement was grouped into 38 procurement categories, as follows:

### LDK Project Categories

|                                       |                       |
|---------------------------------------|-----------------------|
| Doors & Windows                       | Blinds & Curtains     |
| Ceilings & Partitions                 | Scaffold              |
| Flooring                              | Metal Work            |
| Loose furniture & Lockers             | Security              |
| Demolition, Stripout & Excavation     | Labour Hire           |
| Formwork                              | Solar Installation    |
| Tiling                                | Consultants           |
| Concreting                            | Temporary Site Office |
| Painting                              | Civil Works           |
| Electrical & Fire Protection Services | Cranage               |
| Brickwork                             | Traffic               |
| Cleanings                             | Landscaping Works     |
| Balconies                             | Asbestos              |
| Roof Works                            | Joinery               |
| Bathroom Pods & Kitchens              | Lift Services         |
| Road Works                            | Structural Steel      |

The same five information sources used in Table 3 (above) were used to score and assess the likelihood of modern slavery risk for each of these procurement categories.

## **Findings**

14 of the 38 categories assessed in this projects supply chain, were found to have a high likelihood of modern slavery risk. These are as listed below.

| Category                              | Likelihood      |
|---------------------------------------|-----------------|
| Loose furniture & Lockers             | High Likelihood |
| Fire Protection & Electrical services | High Likelihood |
| Ceilings & Partitions                 | High Likelihood |
| Bathroom Pods & Kitchens              | High Likelihood |
| Joinery                               | High Likelihood |
| Flooring                              | High Likelihood |
| Structural Steel                      | High Likelihood |
| Metal Work                            | High Likelihood |
| Solar Installation                    | High Likelihood |
| Blinds and Curtains                   | High Likelihood |
| Lifts services                        | High Likelihood |
| Formwork                              | High Likelihood |
| Site Cleaners – site office           | High Likelihood |
| Security Services                     | High Likelihood |

The most prevalent issues contributing to these findings of higher risk within the projects supply chain, once again included:

- Risk of child labour, debt bondage, illegal working conditions in the production and manufacturing of materials;
- Short term contracts and outsourcing that may occur within the supply chain;
- High proportion of unskilled labour and migrant labour within the supply chain;
- High risk of modern slavery in onsite unskilled and migrant labour used for cleaning and security services.

The findings of “high likelihood” categories within this risk assessment, were determined, taking into account an assessment of the *likely materials and labour* used in the production of these goods and the *possible geographic source* of their manufacture, as seen on Page 12 of this statement.

## Key drivers for high likelihood

The table below provides insight into the high-risk materials or services within each category. It also presents the high-risk countries that the materials may be sourced from.

|  <b>LDK Category</b> |  <b>High risk materials / services</b> |  <b>High Risk countries possibly sourced from</b>    |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Loose furniture and lockers                                                                           | Furniture, Timber, Textiles / Upholstery                                                                                | Turkey, Vietnam, Bangladesh, Cambodia, Nepal, North Korea                                                                               |
| Fire Protection & Electrical services                                                                 | Electronic components supply chain                                                                                      | China, Malaysia, DRC, India                                                                                                             |
| Ceilings and partitions                                                                               | Gypsum, Aluminium                                                                                                       | Bangladesh, Bolivia, Nigeria                                                                                                            |
| Bathroom Pods & Kitchens                                                                              | Metal manufacturers, Nails                                                                                              | China                                                                                                                                   |
| Joinery                                                                                               | Timber, Nails                                                                                                           | China, Cambodia, Vietnam, Peru, Russia, North Korea, Brazil                                                                             |
| Flooring                                                                                              | Carpet yarns, Timber                                                                                                    | China, Cambodia, Vietnam, Peru, Russia, North Korea, Brazil, India, Nepal, Pakistan                                                     |
| Structural Steel                                                                                      | Metal manufacturers                                                                                                     | China                                                                                                                                   |
| Metalwork                                                                                             | Metal manufacturers                                                                                                     | China                                                                                                                                   |
| Solar Installation                                                                                    | Electronic components supply chain                                                                                      | China, Malaysia, DRC, India                                                                                                             |
| Blinds and curtains                                                                                   | Textiles                                                                                                                | Argentina, Brazil, China, India, Malaysia, Pakistan, Thailand, Vietnam, Bangladesh, Cambodia, Italy, Nepal, North Korea, Russia, Zambia |
| Lift services                                                                                         | Electronic components supply chain                                                                                      | China, Malaysia, DRC, India                                                                                                             |
| Formwork                                                                                              | Timber                                                                                                                  | China, Cambodia, Vietnam, Peru, Russia, North Korea, Brazil                                                                             |



13 of the 38 remaining procurement categories were assessed as having “medium likelihood” and 5 out of the 38 were assessed as having “low likelihood”.

The complete list and further details of the “medium” and “low likelihood” categories are included in our final risk assessment and will be considered and taken into account in future project risk assessments being undertaken by FDC and Cromwell.

## Summary

**It is important to note that all categories have a risk of modern slavery. That is, there is indirect supply chain risk in all categories.**

The hotspots for the LDK project are materials procured directly by the project such as bricks, timber, stone, furniture, upholstery, gypsum, aluminum, metal manufacturing and electronic components as they have high likelihood of being sourced from high risk countries.

There are also materials cited by literature to be of risk, which are within the LDK project's product supply chains That is, upstream of Tier 1 (Tier 2, Tier 3 etc.) of the supply chain. For example:

- Aluminum from Egypt, Bangladesh and Bolivia
- Carpet from India, Pakistan, Afghanistan, Iran, Nepal or North Korea
- Gypsum from Nigeria
- Nails from China, Madagascar, Myanmar, Uganda, Zambia
- Stone from India
- Timber from Brazil, Cambodia, North Korea, Peru, Russia, Vietnam
- Bricks from Vietnam, Pakistan, North Korea, Paraguay, Peru, Russia, Uganda
- Glass from Bangladesh
- Electronics from China or Malaysia
- Furniture from Turkey or Vietnam
- Granite from Burkina Faso or Nigeria
- Gravel from Benin, Guatemala, Nicaragua or Nigeria
- Services involving low skilled labour from Australia



# CASE STUDY 3

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## OPTUS CAMPUS



### Case Study 3 – Project Supply Chain - Optus Campus, Macquarie Park, Sydney, NSW

This case study was conducted in collaboration with the joint owners of the Optus Campus asset, Stockland Group and AIMS Funds Management Group. We jointly engaged the services of Action Sustainability, to:

- assist us in identifying high risk suppliers across all construction materials and labour used on the project and
- develop a fit for purpose supplier engagement strategy to manage those risks during the project and beyond.

Action are an independent consultant, specialising amongst other things, in the areas of sustainable and ethical procurement practices.

The building project involved an upgrade to certain mechanical and electrical services, an upgrade and extension to end of trip facilities, as well as other associated improvements to the jointly owned asset at Macquarie Park, Sydney.

#### Here's How it Worked

Over the course of late 2019 and early 2020, the project teams of Stockland, Action Sustainability and FDC collaborated over a number of full and half day workshops.

Action Sustainability worked with FDC and Stockland to collect the list of project trades (labour and materials), dollar spend and suppliers for each trade. Within these workshops we discussed and assessed all trade packages and suppliers that either had been or were proposed to be engaged on the project.

Action Sustainability **developed a project risk assessment tool** using the following risks factors to assess 'risks to people' for each work package. These included:

- Geographic location: e.g. weak rule of law, increased corruption, conflict etc. Relevant sources of information include the Global Slavery Index rank and vulnerability score, Freedom in the World and Verite's Responsible Sourcing Tool.
- Industry profile: e.g. high-risk practices such as sub-contracting, use of vulnerable or low-skilled labour, reliance on temporary/casual work arrangements etc. Relevant sources of information include Verite's Responsible Sourcing Tool, the ILO Global Estimates of Modern Slavery, the US Department of Labour List of Goods produced by child labour or forced labour.
- Buyer and supplier practices: e.g. aggressive cost and delivery timeframe negotiations, unfair payment terms, lack of labour management systems, low transparency and sub-contracting. Sources of information were primarily FDC and Stockland's participating employees.

An assessment of business risks was conducted for each project trade. Factors taken into account included the proportion of spend represented by the supplier, proximity to brand, business assets and core business activity, and the capacity to influence the supplier.

It was found that most trades had high risks in the material supply chains, and five trades presented significant risks associated with the use of labour, due to potentially vulnerable on-site workers. These findings are as seen below.

Key categories and types of risks for the Optus Campus Project.

| Risk category group                                 | Budget (AUD) | Categories included                                                                                                                                                                                                                                                                                                                 | Risk scorings |          |          |          |
|-----------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------|----------|----------|
|                                                     |              |                                                                                                                                                                                                                                                                                                                                     | Materials     |          | Labour   |          |
|                                                     |              |                                                                                                                                                                                                                                                                                                                                     | People        | Business | People   | Business |
| High risk material and moderate risk on-site labour | N/A          | Partitions, Ceilings & Doors, Rendering, Tiling, Paving & Waterproofing                                                                                                                                                                                                                                                             | High          | Low      | Moderate | Moderate |
| Moderate risk material and on-site labour           | N/A          | Demolition & Site Preparation, Painting & Linemarking                                                                                                                                                                                                                                                                               | Moderate      | Low      | Moderate | Moderate |
| High risk material                                  | N/A          | Concrete, Masonry & Pavement, Courtyard Stair Rectification, Earthworks, Stormwater & Piling, Electrical Services, Handrails & Balustrades, Hydraulic Services, Mechanical Services, Metal Roofing, Roller Shutter, Security Services, Signage & Graphics, Structural Steel, Tactiles, Nosings & Entry Mat, Vertical Transportation | High          | Low      | Low      | Low      |
| Moderate risk material                              | N/A          | Carpet & Vinyl, Joinery & Lockers, Toilet & Shower Partitions, Façade & Glazing                                                                                                                                                                                                                                                     | Moderate      | Low      | Low      | Low      |
| Low risk                                            | N/A          | Carpentry & Landscaping                                                                                                                                                                                                                                                                                                             | Low           | Low      | Low      | Low      |

The project teams then identified a list of 10 top priority suppliers to strategically engage as a part of this project. This list was determined based on two elements:

- The level of risks;
- The size of the supplier and their expected capabilities to address human rights.

### Actions taken

A short **supplier survey** was then sent to these 10 suppliers. The questionnaire collected information on specific risks identified by the supplier, their own assessment of capabilities to address these risks, any challenges faced and potential areas for improvement and future support.

The findings of our supplier survey are summarised below:

| Supplier profile                                   | Objectives of engagement                                                                                                                                                             | Format of engagement                                                                                                                                                                                                                               |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Suppliers getting started<br/>(9 out of 10)</b> | <ul style="list-style-type: none"> <li>• Assist suppliers understand their risks and obligations</li> <li>• Develop basic capabilities and due diligence systems</li> </ul>          | <ul style="list-style-type: none"> <li>• Individual conversation about gaps and corrective action plans</li> <li>• Access to online resources such as the Supply Chain Sustainability School</li> <li>• Tailored, free training session</li> </ul> |
| <b>Advanced suppliers<br/>(1 out of 10)</b>        | <ul style="list-style-type: none"> <li>• Increased supply chain transparency</li> <li>• Proactively address high risks for on-site services and/or material supply chains</li> </ul> | <ul style="list-style-type: none"> <li>• Individual conversation about gaps and corrective action plan</li> <li>• Pilot project implementation</li> <li>• Collaborative approach to manage risks</li> </ul>                                        |

Based on the analysis of these survey results, it was determined that two main opportunities existed as follow on steps to maximise the results of this collaboration.

These next steps include:

- a tailored training session for “suppliers getting started”; and
- a supply chain mapping pilot project in partnership with one “advanced supplier”.

These follow-on actions will form a part of FDC’s (and Stockland’s) ongoing commitment to improve labour and human rights practices within our respective industries and supply chains. These actions are in the process of being implemented and will be reported on in our 2021 Modern Slavery Statement.



## Criterion 4 – Our Actions Summarised

During the course of the past 18 months, FDC have undertaken a number of actions and industry collaborations to assess the risks and raise awareness of modern slavery within our own supply chain and those of our contractors and suppliers. These actions are as described within the various Case Studies and elsewhere within this statement.

These actions have assisted us in ensuring that our staff and suppliers are aware of our governing principles, contribute to an increasing awareness of the issues of modern slavery amongst members of our supply chain and staff and assisting FDC in complying with this legislation.

These actions include, but are not limited to:

- Board of Director endorsement and implementation of the initial FDC Modern Slavery Policy;
- Updating other relevant policies ie: Human Rights and Supplier Code of Conduct, to include clauses highlighting our expectations regarding modern slavery issues;
- Updating clauses within the FDC Whistleblower Policy to include a means of reporting and potential remedy;
- Board of Director and Senior Management endorsement of the FDC Modern Slavery Charter for Suppliers and Service Providers (Charter);
- Distribution of our Charter amongst all currently active vendors to FDC;
- Implemented a mandatory requirement that all new vendors acknowledge receipt and understanding of the requirements of our Charter;
- Conducted a number of case studies and collaborations with various stakeholders (refer Case Studies 1,2 and 3);
- Conducted initial awareness campaign amongst all FDC employees;
- Conducted higher level awareness training amongst selected FDC employees;
- Appointment of a modern slavery representative for each FDC operating division;
- Created and implemented site-specific awareness material for site-based employees and subcontractors.

## Criterion 5 – How Effective Have We Been

FDC have been greatly encouraged by the levels of support and encouragement shown by our staff, clients and suppliers and service providers since introducing some of the measures covered earlier in this statement.

We will continue to collaborate with our industry partners, communicate our findings and contribute to a culture of continuous improvement within our own business and that of our supply chain.

A key finding of the Supplier Questionnaire that we conducted (Case Study 3) was the willingness of our key suppliers to collaborate with us and to also pursue similar initiatives within their own supply chains.

Supply chain mapping and sourcing of materials and labour were key areas identified as forming the focus for future assessment and collaboration with select suppliers. The findings of these assessments will form part of our ongoing reporting in subsequent modern slavery statements.

Looking beyond the 1<sup>st</sup> and 2<sup>nd</sup> Tiers of our suppliers is key to uncovering the real risks that exist within our supply chains. FDC are committed to remaining vigilant and asking questions of our suppliers on this subject and will continue to monitor their progress and the progress of our own organisation in improving practices.

Time will ultimately judge the effectiveness of our past, current and future actions, but regardless, FDC are committed to continuing to make a difference on this very important issue.

FDC acknowledge but are not deterred by the enormity of the task ahead. We look forward to continuing our efforts in this area and contributing to an overall improvement in human rights practices and reduced instances of modern slavery within the supply chains that we rely upon.

## **Criterion 6 – Internal Consultation**

FDC view the issues of modern slavery as being similarly aligned and of similar importance to those of Health, Safety, Environmental and Quality issues within our business. As such, the consultation and communication of modern slavery issues amongst our various divisions are managed under the responsibilities of our National HSEQ Manager, reporting directly to our Board of Directors.

The National HSEQ team meet monthly and issues regarding modern slavery, human rights, worker wellbeing and similar social issues are communicated amongst this group at those meetings, or otherwise as required.

Each reporting entity included in this statement has been consulted with and actively involved in the creation of this statement and the various case studies referred to within it. All voluntary reporting entities within the FDC group have been similarly involved in the consultation process and form a part of our group communications.

Additionally, each operating division of FDC has a designated representative, responsible for communicating modern slavery issues and FDC and industry initiatives, to their divisions and project teams.

## **Criterion 7 – Other Relevant Information**

The Australian property industry has been recognised as being a leader in addressing modern slavery issues within their own businesses and as a collective within the Australian economy.

As a significant supplier of services to the property industry, FDC has a responsibility to ensure that our practices are the best they can be on all issues, but especially corporate and social governance.

In respect of those responsibilities, FDC have been and will continue to be a leader and willing participant in initiatives designed to improve these practices, wherever possible.

Over the past 18 months, FDC have participated in various initiatives, including the:

- Property Council of Australia Supplier Engagement Platform;
- Supply Chain Sustainability School learning modules and membership;
- Green Building Council of Australia collaborations and membership;
- Archdiocese of Sydney & Australian Catholic Anti-slavery Network (ACAN) forums and webinars;

FDC continues to evaluate the most effective means of participation and the most effective services to access, to enable us to maximise our knowledge and awareness of these issues.

As evidenced by the many and varied contributions made by FDC and its business owners to charitable and social causes over many decades, our group is committed to improving the lives and wellbeing of others and, as such are similarly committed to the cause of eradicating modern slavery within our supply chains.

## **Covid 19 - Supply chain impact, lessons learned and actions taken.**

FDC, our clients and our supply chain have obviously not been immune from the many and varied business, economic and social disruptions and challenges caused by the Covid 19 pandemic.

Such an event has had the effect of highlighting the increased health and human rights risks being faced by some of the most vulnerable members of our communities, both domestically and internationally. FDC implemented its covid 19 Group Response Plan across our business and to date has been successful in containing any spread of the virus across our sites and offices.

A significant lesson learned from the pandemic and our response, is the important role that communication and awareness plays in mitigating the risk to the more vulnerable members of our community.

As such, one of FDC's 2021 modern slavery initiatives, will be to step up our foreign language communications and awareness information, directed towards those more vulnerable high-risk categories of people, that we have identified throughout the course of the past 18 months.

We also acknowledge the pressure that such an outbreak can place on our supply chain and the human element involved in keeping those channels open.

In order to minimise both the economic and human risks of maintaining an efficient supply chain, FDC made an early and deliberate decision to geographically diversify our supply chain, wherever possible. This was particularly the case with regard to certain façade related products, where we deemed there may be production and delivery issues, resulting from the pandemic. We were also cognisant of not placing undue pressure on suppliers, resulting from circumstances beyond their control.

Our human rights response to the pandemic will continue to evolve and the lessons learned will become more permanently embedded in our business practices as a result.