

MODERN SLAVERY STATEMENT

FINANCIAL YEAR 2021



INTRODUCTION

This is Daracon Group's statement pursuant to the Modern Slavery Act 2018 Act, for the financial year ending 30 June 2021.

Daracon recognises that modern slavery and human trafficking can occur in many forms, as considered in the Act. Modern slavery incorporates any situation of serious exploitation where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery includes trafficking of persons, slavery, servitude, forced marriage, forced labour, debt bondage, child labour and deceptive recruiting for labour purposes.

Daracon understands that modern slavery is a growing and complex problem. We recognise the importance of protecting human rights and protecting the rights of all those we interact within the course of our business activities including our employees, the communities in which we operate, our customers and those within our supply chains.

THE REPORTING ENTITY

This Joint Statement is made by the Daracon Group of companies.

Daracon Group is a collective of multiple businesses, wholly owned by the Mingay family. Of these businesses, the following are reporting entities for the purposes of the Modern Slavery Act 2018:

- Daracon Contractors Pty Ltd
- Daracon Engineering Pty Ltd
- Daromin Engineering Pty Ltd

All companies identified in this Joint Statement have been consulted with, and participated in the development of this statement. All entities within the Daracon Group are subject to the same group policies and procedures, and as such the information provided in this Statement applies to the reporting entities as well as all other entities within the Daracon Group of companies.



OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Daracon is a family owned business established in 1983. From these beginnings, Daracon has grown into an organisation supporting over 800 team members with offices in Beresfield (Head Office), Sydney, Mount Thorley and Gunnedah.

Comprised of a collective of multiple business, Daracon provides an effective and integrated civil construction service to a wide cross section of public and private clients.

Across the group, we procure goods and services from a large number of suppliers. The goods and services we procure range from plant and equipment, construction materials and labour to uniforms, stationery and IT supplies.

The majority of our suppliers are located in Australia, with most based in NSW. Overwhelmingly, these suppliers are long term, ongoing, repeat relationships with visibility over their operations. In the case of the supply of labour, the majority of work is performed on sites controlled by the reporting entities.

International suppliers are only a small proportion of our direct suppliers. International suppliers are used to source items that cannot be sourced locally and are mainly suppliers of plant and equipment, and maintenance and repair supplies. These international suppliers are predominantly based in the US, Japan and Western Europe.

SERVICES WE OFFER



Civil Engineering



Subdivision



Plant Hire



Transport



Concrete



Quarries



Landscaping



Remediation Works



Polywelding

MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

Risks in our operations

The construction industry is often characterized by outsourcing, short-term engagements, low skilled workforce and multiple employers. Daracon's operations can be distinguished by the fact that 95% of our employees are engaged on a permanent full time basis with the average period of service being 8.5 years.

We have assessed our internal operations as low or no risk activities. Our direct employees are engaged under industrial instruments and subject to our internal policies and processes, Across Daracon there are nine Enterprise Agreements approved by the Fair Work Commission, with 4 unions represented, with whom our employees are free to associate. Our industrial instruments are underpinned by robust human resource policies and procedures. Additionally, our operations are all located within Australia (which according to the 2018 Global Slavery Index has a low prevalence of modern slavery).

We have formal procedures in place for the reporting and resolution of grievances and issues, including our Grievance Procedure and Whistleblower Policy. Additionally, we have a range of formal and informal communication mechanisms to provide opportunities for engagement across the workforce.

We have strong human resources controls in place for the onboarding of new employees, reviewing employees' wages and salary agreements and verifying correct payment in accordance with these arrangements. Our employee onboarding process includes employment checks managed by our HR Department and ensuring all new employees have a right to work in Australia.

Risks in our Supply Chains

We identified approximately 1200 suppliers who provide goods and services to the Daracon Group. An analysis of these suppliers revealed 5 key categories of supply; labour, plant and equipment, professional services, insurance and retail supply.

Daracon understands that due to the broad range of suppliers there is always the risk of modern slavery existing at some point in our supply chains, particularly at levels further down the supply chain in the procurement of goods.

The risk is heightened the further we are removed from the production of goods and our ability to have visibility and transparency over the ways in which goods are produced or those making them are engaged.

Analysis of modern slavery risks in the construction industry would suggest that areas where workers are vulnerable to the risks of modern slavery include outsourced services such as cleaning, security and facilities management, the use of labour hire contractors and suppliers of goods manufactured overseas, particularly items such as uniforms (particularly textiles sourced from Asia). Daracon has long term supply relationships with local providers, subject to a process of supplier review before engagement. However, we acknowledge that we do not currently have a full understanding of the risks from items, such as uniforms and IT equipment, supplied through retail suppliers.

COVID-19 did not have a significant impact on the risk in our supply chains. On the whole we maintained the same subcontractors and suppliers throughout the pandemic.

ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

During this reporting period our priority has been to communicate our expectations regarding Modern Slavery, gain an understanding of supplier knowledge in relation to Modern Slavery and further progress the development of a framework for analysing areas of risk within the business. To support these aims we have undertaken the following activities:

Mapping of Supply Chains

Previously, we conducted a high level survey of the risks in our supply chains to understand areas of risk. We focused on risk factors including Labour Type and Intensity, Geographical Location, the Industry and the industry reputation based on the UN Global Slavery Index, our levels of engagement with the supplier and the impact of inherent controls, including our procurement processes and our level of understanding and oversight of the labour rights and conditions in place.

In the reporting year, we have started the process of understanding individual supplier risk and their understanding of Modern Slavery. We have amended our supplier engagement questionnaire to include Modern Slavery risks. Suppliers are asked to consider the risk of modern slavery in their business and/or supply chains, to declare any known instances of modern slavery and to commit to addressing any known instances of modern slavery.

Policy Development

Daracon has developed a Policy for Ethical Sourcing and Modern Slavery, which outlines our expectations and intended standards in relation to the issue of Modern Slavery. This Policy has been endorsed by the Executive Director and the Managing Director. This is supported by the Daracon Code of Conduct, which outlines the core expectations in relation to all activities connected with the company and its business operations.

A key step in managing modern slavery risks will be the communication of our commitments and expectations to our suppliers and the phased inclusion of these expectations and standards into our contractual arrangements with suppliers.

These commitments are reinforced and supported by a suite of policies and procedures, which have been developed to ensure we act ethically and with integrity and provide mechanisms to respond to issues and concerns in a prompt and transparent manner.

- Daracon Group Policy for Lawful and Ethical Business Practices
- Daracon Group Whistleblower Procedure (including a whistleblower email)
- Daracon Group Recruitment Procedure
- Daracon Group Respect in the Workplace Procedure
- Daracon Group Corporate Social Responsibility Procedure
- Daracon Group Grievance Procedure
- Daracon Group Employee Assistance Procedure

Training and Awareness

Daracon has utilised its online learning management system to develop training and awareness programs aimed at improving organizational knowledge with regard to the business, its obligations and the policies and procedures in place.



ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Our focus in this reporting period has been to gain a better understanding of the issues and modern slavery risks, how such risks may be present in our operations and supply chains and consider how we develop an effective framework to monitor our actions.

We currently assess our effectiveness in identifying and managing modern slavery and human rights risks by engaging with suppliers, undertaking regular internal governance and external assurance processes and completing external assessments of our performance. We will continue to work on developing frameworks and processes to ensure we can review the effectiveness of the actions we are taking.

Currently we are monitor the effectiveness of our responses through the following actions:

Data Tracking

We will undertake ongoing assessments of our supply chains by evaluating information we receive from our suppliers and conducting risk assessments or act on any concerns where potential human rights risks are flagged.

In the reporting year, we have amended our supplier engagement questionnaire to include Modern Slavery risks.

Suppliers are asked to consider the risk of modern slavery in their business and or/supply chains, to declare any known instances of modern slavery and to commit to addressing any known instances of modern slavery.

We will then use these responses to further assess our supply chains and refine our risk evaluations.

Co-operation with client due diligence

We will continue to co-operate with client due diligence requirements and will monitor client requests for information regarding modern slavery to inform our own understanding of areas of risk. We are regularly audited by clients and external organisations and will act promptly on areas of improvement that may be identified.

Acting on concerns and allegations

We will respond to concerns or allegations made through Whistleblower process, the Grievance Procedure or other avenues and will record and report on these events to the Executive Team.

Review of policies and procedures

We will continue to review our policies, procedures and documentation to ensure our response to modern slavery is appropriate.

CONSULTATION

Daracon has communicated with all relevant entities within our operations, including the entities we own and control, to explain our commitments and expectations in relation to modern slavery.

All entities within the group are subject to the same suite of policies and procedures and integrated approach will be taken to responding to modern slavery risks.

OTHER RELEVANT INFORMATION

Addressing the impact of COVID-19

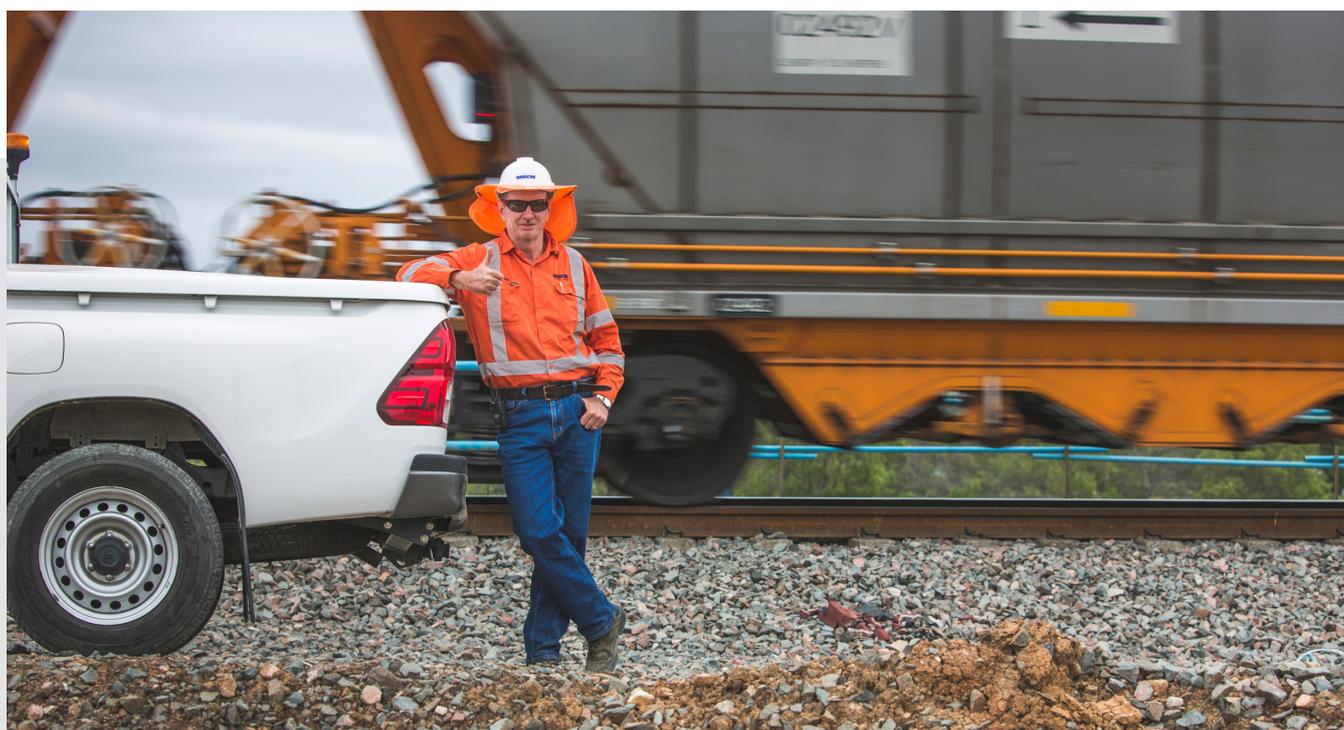
Like all businesses, we have been impacted by COVID-19. However, we have been able to continue to work (albeit in a modified way) and have avoided major disruptions. Therefore, we have assessed the risk of any modern slavery issues within our workforce to be low and unchanged.

We have continued to engage with our regular suppliers and have engaged minimal new suppliers during this period. As a result we do not believe our Modern Slavery risks increased across our supplier group during the period.

The main impact on our business has been our ability to address and prioritise modern slavery issues and interact with suppliers regarding modern slavery during the period.

During the reporting period we have implemented the following actions:

- Continuation of work where possible and maintenance of current supply chains
- Communication with Suppliers about COVID-19 risks and risk mitigation actions
- Maintained contact with employees working from home to monitor welfare and communicate COVID 19 information
- Provided alternate arrangements for employees where work from home arrangements were not suitable
- Amended Supplier Questionnaire to include questions regarding Modern Slavery



This Statement is made pursuant to section 14 of the Modern Slavery Act 2018 (Cth) and constitutes the Daracon Group Modern Slavery Statement.

This Statement has been approved by the Board of Directors on behalf of the joint reporting entities.

Signed:

A handwritten signature in black ink, appearing to read 'J. Mingay', written in a cursive style.

Jonathon Mingay
Managing Director
DARACON GROUP