

DARACON MODERN SLAVERY STATEMENT

FINANCIAL YEAR 2023



INTRODUCTION

This is Daracon Group's statement pursuant to the Modern Slavery Act 2018 Act, for the financial year ending 30 June 2023.

Daracon recognizes 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 recognize the importance of protecting human rights and protecting the rights of all those we interact with

in 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 Statement is made by Daracon Contractors Pty Ltd.

Daracon Group is a collective of multiple businesses, wholly owned by the Mingay family. 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 all entities within the Daracon Group of companies.



OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Daracon is a family owned business established in 1983, and this year celebrates 40 years in business. From these beginnings, Daracon has grown into an organization supporting over 800 team members with offices in Beresfield, Sydney, Mount Thorley and Gunnedah.

Comprised of a collective of multiple business, Daracon Group provides an effective and integrated civil construction service to a wide cross section of public and private clients and is one of NSW's leading Civil Engineering contractors. In the recent reporting period a large proportion of Daracon's work was undertaken for government entities (NSW) and local government entities (local councils). Daracon is also an alliance partner engaged in the delivery of a NSW infrastructure project.

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

We have extensive experience in a full range of civil infrastructure services for both public and private projects.



Subdivision Construction

Substantial experience in the construction of residential and commercial subdivisions.



Plant Hire

Fleet of modern plant, including dump trucks, water trucks, loaders back hoes, positrack and combinations, compactors, excavators and more



Transport

We provide a superior range of transport solutions including heavy haulage, bulk haulage and water carts.



Concrete

Supplying concrete from Cameron Park and mobile batch plants, manufacturing daily. In addition we operate a fleet of agitator trucks.



Contract Crushing

Our modern contract crushing fleet includes track mounted and pugmill units.



Quarries

We supply and deliver quarry materials that are produced meeting rigorous quality control measures and specifications



Infrastructure Services

Our specialist team delivers one-stop civil construction; and asset maintenance solutions to a variety of clients in the mining and heavy industry sectors.



Landscaping

Landscaping solutions for schools, childcare centres, residential and commercial developments, open space and revegetation projects



Site Remediation

Extensive remediation experience in civil earthworks, containment cells, capping layers, revegetation and management and tracking of contaminated soil



Polywelding

Emergency call-out and repair, large scale projects, specialty welding and pre-fabrication at our Mt Thorley facility.



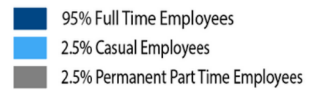
Rail

We offer highly qualified track crews including track certifiers, protection officers and rail plant operators.

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 7 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.

Wages employees are employed under one of 8 enterprise agreements. These agreements have been negotiated with our employees and a combination of unions (AMWU, AWU, CFMEU and TWU) and have been approved by the Fair Work Commission. These agreements set out the terms and conditions of employment for wages employees and are publicly available documents.

Similarly, all salaried employees are provided with written Letters of Offer outlining terms and conditions of employment.

These industrial instruments are underpinned by a suite of robust policies and procedures. We have formal procedures in place for the reporting and resolution of grievances and issues, including our Grievance Procedure and Whistleblower Policy.

Freedom of Association and the right to a representative of choice is communicated to all employees at the time of engagement and reinforced through ongoing training. All sites have information posted outlining the Grievance Process, Freedom of Association Policy and Whistleblower Policy.

Additionally, we have a range of formal and informal communication mechanisms to provide opportunities for engagement across the workforce. Key to this process of communication is the Consultative Committees, which meet on a quarterly basis.

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 and ensuring all new employees have a right to work in Australia.

All Daracon's operations are all located within Australia (which according to the 2018 Global Slavery Index has a low prevalence of modern slavery).

MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

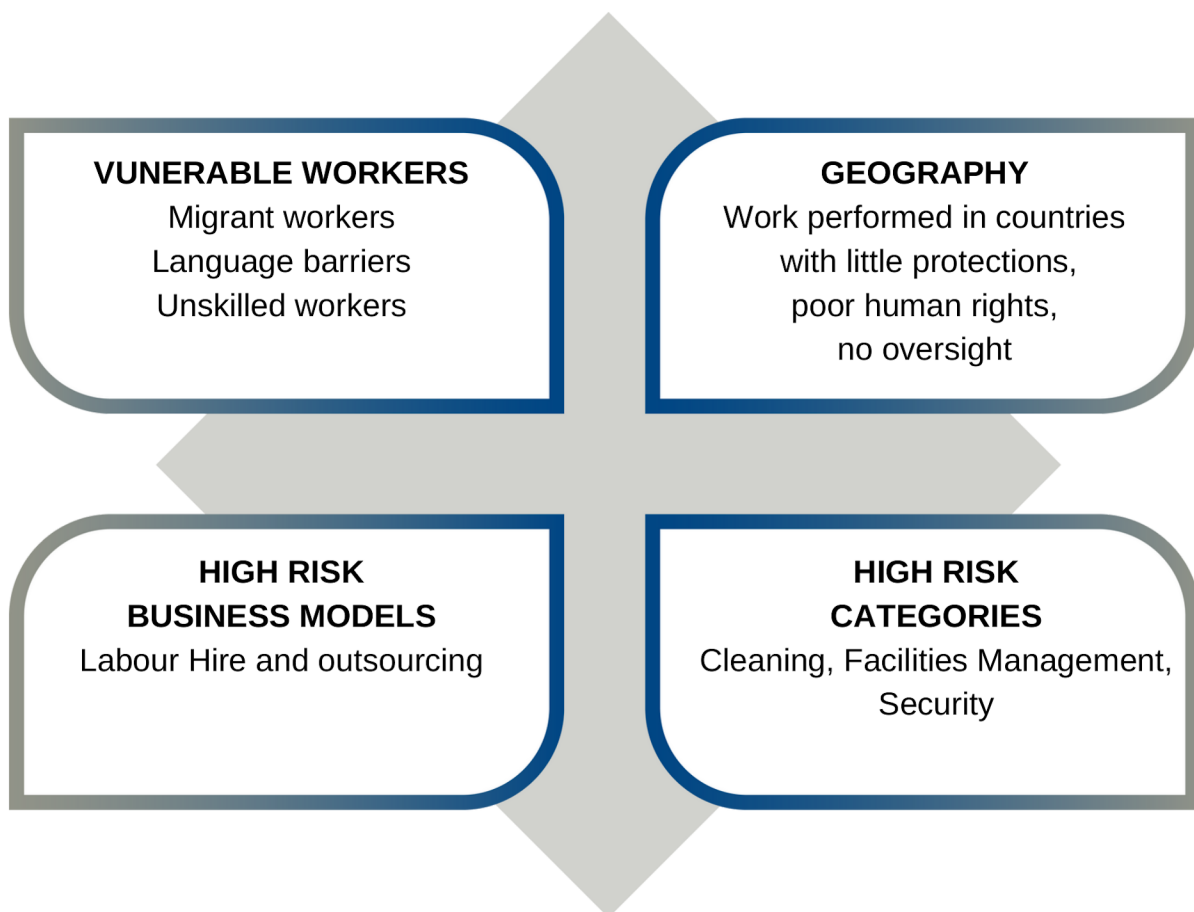
Risks in our Supply Chains:

We identified approximately 1,800 suppliers who provide goods and services to the Daracon Group. An analysis of these suppliers revealed five 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, where price is often a key factor in the selection process. This can result in lower rates of pay and conditions. The risk is heightened the further we're 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 across the construction industry 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, suppliers of goods manufactured overseas, particularly items such as uniforms (particularly textiles sourced from Asia) and engagement of vulnerable workers, such as those with language barriers or unskilled workers.

While Daracon manages many of these risks through long term supply relationships, the engagement of a direct workforce, the use of local providers, stringent supplier reviews and mature employment practices, we acknowledge that modern slavery is a pervasive and hidden crime and we must remain alert to the risks of modern slavery within our supply chains.



ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

In this reporting period, Daracon has continued the process of reviewing our suppliers to understand and identify areas of risk, location of supply and origin of manufacture within our supply chain. We have identified approximately 1,800 current suppliers and subcontractors who we have engaged within the past five years.

We have continued the process of including modern slavery commitments and reporting requirements in all contractual arrangements and, we are now in the process of strengthening our procurement process with a more detailed analysis of suppliers understanding of modern slavery laws, modern slavery risk and reporting requirements. This will allow us to further identify high risk areas of supply and provide information and support as required.

In particular, we have focussed on labour hire suppliers and managing risks within this area of supply. To this end, Daracon has reviewed all suppliers, commercial arrangements, conducted a detailed analysis of terms and conditions of employment and understanding of modern slavery laws across these providers. This review is ongoing, and should be completed in early 2024.

The key actions undertaken by Daracon to address modern slavery risks include the following:

Mitigation and Supplier Assessment:

In previous reporting periods, we undertook the process of understanding individual supplier risk and their understanding of Modern Slavery. We amended our supplier engagement questionnaire to address this and suppliers were asked to consider their risk of modern slavery, commit to reporting instances of modern slavery and to provide information about policies addressing modern slavery risks and their processes for responding to possible modern slavery breaches.

In the most recent reporting period we have continued our review of our procurement processes and to ensure modern slavery risk mitigation is embedded across our entire procurement and commercial lifecycle.

Further, we have begun the process of reviewing suppliers in areas identified as high risk and have chosen labour hire as our first priority.

Audits:

We are regularly audited by clients and external organizations and will act promptly on areas of improvement that may be identified. Daracon is engaged on a number of projects funded by both the NSW and Commonwealth Governments. Accordingly, our employment methods and systems are regularly audited by government regulators to ensure compliance with all legislative requirements. Additionally, these audits require subcontractors and supplier details for potential audit and examination. This process enhances the internal actions in place.

Engagement:

Communicating our Policy for Ethical Sourcing and Modern Slavery both internally and externally and ensuring our expectations in relation to modern slavery are clear.

Systems:

Daracon has in place systems for identifying and reporting potential risks at different points in the engagement process. These systems 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.

Collaboration:

We continue to work collaboratively with clients and industry partners to identify modern slavery risks. 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 will also work with external organisations to share information and learnings across industry sectors to identify shared modern slavery risks.



ASSESSING THE EFFECTIVENESS OF ACTIONS TAKEN

Daracon has a range of actions in place to address modern slavery risks in our business and supply chain. Assessing the effectiveness of these actions requires a range of monitoring, feedback, reflection and reporting as outlined following:

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. We will collect data across categories of suppliers to identify areas of risk to focus our efforts for review and investigation as we have in the labour hire sector.

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 will also work with other organisations to share information and learnings across industry sectors to identify shared modern slavery risks.

Auditing:

We will continue to use the auditing process (both internal and external) to identify potential areas of risk that require further review and analysis.

Acting on concerns and allegations:

We will respond to concerns or allegations made through Whistleblower process and anonymous Whistleblower email, the Grievance Procedure and will record, address 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. We will ensure that these policies and procedures are communicated and that training is made available to key personnel who are responsible to responding to modern slavery risks.

Collaboration:

We will continue to work with suppliers to provide information on modern slavery risks. Where an issue is identified we will work with suppliers to build capacity, and only terminate contracts as a last resort. Where modern slavery risks are identified, we will report these to the appropriate authority for further investigation.

OTHER RELEVANT INFORMATION

CONSULTATION

This is a Joint Statement made by Daracon Group on behalf of the reporting entities Daracon Contractors Pty Ltd, Daracon Engineering Pty Ltd, and Daromin Engineering Pty Ltd. This statement has been communicated and shared 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.

The Daracon Executive Team understands the importance of the Modern Slavery Act, the requirement to actively address this across the business and supply chains, and the ongoing need for continuous improvement and action. All entities within the group are subject to the same suite of policies and procedures, and an integrated approach will be taken to identifying and responding to modern slavery risks and continuing the actions outlined in this report, supported by Daracon's Executive Team.

ADDRESSING THE IMPACT OF COVID-19

Since our last Modern Slavery Statement, the uncertainty in supply chains, and rising demand for materials and labour has eased. However, we remain vigilant to any employment risks within our workforce and that of our suppliers. We will continue to maintain our employment and procurement practices and assessing suppliers approaches to modern slavery and employment practices to identify potential risks.



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 Daracon Contractors Pty Ltd.

Signed:



Jonathon Mingay
Managing Director
DARACON GROUP